AFRICA RECOVERY

United Nations Department of Public Information Vol. 16 No. 1 April 2002

Joan Baxter

"Another Africa is possible," *declare African civil society groups gathered in Mali (see page 18). A strong desire for change is spurring new visions of Africa's political and economic future.*

African Union: a dream under construction

Planners of new continental organization ponder design, encounter scepticism

***By Ernest Harsch** in Addis Ababa*

In the aging, regal Africa Hall where the Organization of African Unity (OAU) first emerged nearly four decades ago, history weighs heavily. Pointing to the large mural depicting many of the founders of independent Africa, Mr. Mohammed Sahnoun recalled the scene in 1963 when he, as an Algerian delegate, witnessed the OAU's birth. He had listened raptly as Ghanaian President Kwame Nkrumah propounded his generation's "dream of an African union," in which all the peoples of Africa could together recreate their continent in their own image.

Such references to Africa's past strivings for unity are not an exercise in nostalgia, commented Mr. Lawrence Agubuzu, an OAU assistant secretary-general, at the 3 March symposium on the OAU's plans to transform itself into a new, more vital African Union (AU). He cited an African proverb: "If you don't know where you're coming from, you won't know where you're going to."

And where Africa is going was foremost on the minds of the hundreds of renowned African political figures and thinkers who gathered in the Ethiopian capital for the symposium. Their passionate debates continued during the five subsequent days of the annual African Development Forum, organized by the UN Economic Commission for Africa (ECA) in the nearby UN conference centre. The Addis Ababa gathering came part way between the July 2001 summit of African heads of state in Zambia, which decided to begin the transition to the AU, and the one to be held this July in South Africa, scheduled to formally inaugurate the Union.

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Is African aid set to rise again?

Promises of more EU and US assistance at Mexico summit

By Tim Wall
Monterrey

Pledges of greater financial assistance delivered at a UN-sponsored summit in Monterrey, Mexico, may finally reverse the long decline of aid to Africa and other developing regions — if the promises are actually fulfilled. In recent years, Nigerian President Olusegun Obasanjo reminded the 18-22 March International Conference on Financing for Development, there has been a "significant diversion of funds from development purposes, especially for Africa, to the financing of programmes in other parts of the world."

In Monterrey, however, the European Union announced that it would begin to raise its annual expenditure on official development assistance (ODA). The Union's level currently averages around 0.33 per cent of its gross national product (GNP), a proportion it plans to increase to 0.39 per cent by 2006. This will mean the disbursement of another $20 bn by 2006, on top of current levels.

Prior to the conference, British Prime Minister Tony Blair, who has declared Africa a top priority of his second term, pledged to get the industrial nations' Group of Eight and Organization for Economic Cooperation and Development to be better partners with Africa.

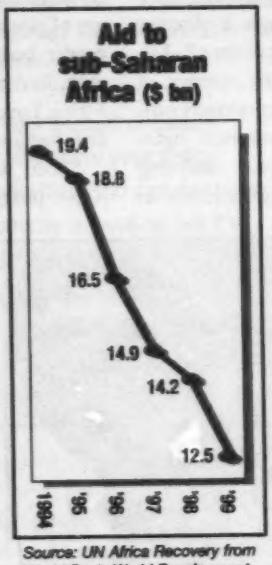
United Nations

In Monterrey: South African President Thabo Mbeki, UN Secretary-General Kofi Annan and Nigerian President Olusegun Obasanjo.

The international community has "the best chance in a generation" to alleviate poverty in Africa, he said just before a tour of several West African countries in February.

The US, for its part, has said that it will progressively increase spending on ODA from the current level of little more than $10 bn per annum to $15 bn by 2006. The increases, which would go [illegible] a "Millennium Challenge Account," [illegible] duce a total of $10 bn in extra funds between late 2003 and the end of 2006, according to an explanation by US Treasury Secretary Paul O'Neill at a Monterrey press briefing.

Moreover, US President George W. Bush referred specifically to support for Africa and funding to combat AIDS in his announcement of the plan a few days before the conference opening. He cited successful marriages of aid and strong national policies in countries such as Mozambique and Uganda. Both President Bush and Treasury Secretary O'Neill stressed that aid would be forthcoming only to countries that met US criteria on good governance, transparency and fiscal probity.



Source: UN Africa Recovery from World Bank, World Development Indicators, 2001

Limits and conditions

At the Monterrey conference, South African President Thabo Mbeki welcomed the EU and US announcements. But he, President Obasanjo and Assistant Secretary-General of the Organization of African Unity Vijay Makhan all noted that the agreed international target for aid is 0.7 per cent of donor country GNP. In comparison, the EU increases, if fulfilled, would still fall short of 0.4 per cent of GNP, and the US plan would bring its share of GNP devoted to aid to only 0.15 per cent.

UN Secretary-General Kofi Annan repeated his call for doubling current worldwide aid levels from $50 bn to $100 bn a year. This would bring an increase in ODA as a share of donor country GNP from 0.25 to 0.5 per cent.

There was also concern in Monterrey about increased conditionality — using the promise of aid, or its threatened withdrawal, to influence policy decisions within recipient countries. The US insistence that the Millennium Challenge Account would only be accessible to countries meeting stiff US standards appeared to many observers to contrast with the statements from European development cooperation ministers that aid only works well when there is full local "ownership" in its design and delivery.

However, at least one senior development official in Monterrey noted that the US emphasis linking aid to development and poverty eradication is now similar to that of the World Bank, EU and other donors. Since much US aid was previously provided for geopolitical purposes, the US guidelines presented in Monterrey represent a step in the right direction, the official felt.

Accepting responsibility

Developing countries accept responsibility for their own social and economic development, Mr. Trevor Manuel of South Africa stressed in his address at the opening session. They also acknowledge the importance of sound national policies and good governance as prerequisites for poverty reduction and sustained national growth. (Mr. Manuel appeared in Monterrey in a triple capacity: as his country's finance minister, as chair of the joint Development Committee of the World Bank and International Monetary Fund, and as the UN Secretary-General's special envoy on financing for development.)

Those principles, Mr. Manuel observed, are in fact an integral part of the New Partnership for Africa's Development (NEPAD), currently being promoted by Presidents Mbeki, Obasanjo, and a dozen others. In effect, Mr. Manuel said, the consensus reached in Monterrey embodies a North-South partnership,

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'Gender budgets' seek more equity

Improved spending priorities can benefit all Africans

By Michael Fleshman

"If you want to see which way a country is headed," said South African parliamentarian Ms. Pregs Govender, "look at the country's budget and how it allocates resources for women and children." Ms. Govender is among a growing number of African parliamentarians, finance ministry officials and non-governmental women's rights activists who are doing just that — analyzing government spending choices for their impact on women and seeking greater equity in budget allocations with the help of an innovative approach to understanding public spending known as "gender responsive budget analysis."

United Nations / B. Wolff

More budgetary resources for basic education can benefit all children, not just girls.

Gender budgeting is a method of analysis used to highlight differences in public spending on men and women. It looks not only at funding levels for the various ministries, but also at spending priorities within ministries. A gender budget analysis, for example, might find that cuts in spending on agriculture fall most heavily on poor women farmers. Restoring the agriculture budget could increase household incomes, raise agricultural production and improve the quality of life for all villagers. By permitting better-targeted and more efficient use of government resources, advocates argue, gender budgeting benefits men and women alike. To date, three African countries — South Africa, Tanzania and Uganda — have analyzed their budgets for gender impact.

"Your budget decisions really show your policy priorities," Ms. Govender told *Africa Recovery*. "You can say your priority is poverty, but it's your budget decision that shows whether that priority is matched by spending." Fighting poverty and redressing the racial inequities of the past are priorities in post-apartheid South Africa, she noted, and are supposed to affect all activities of government. Black women in South Africa are at the very bottom of the socio-economic ladder. Their interests are affected by virtually all government spending, not just the fraction of the budget allocated for programmes intended specifically for women.

"We are not asking for a separate 'women's budget,'" she said. "You are looking at all your spending and asking 'how does it address these national priority problems?' What are the priorities in terms of women?' We have to look not just at the choices at the macro-economic level, but ... at the departmental level and within departments at the choices between programmes and within programmes."

Rigorous analysis

Gender budgeting was originally developed by feminist economists in Australia in 1984 and taken up by women's rights activists in South Africa's first democratic parliament a decade later. Ms. Govender, then a newly elected member of parliament (MP), was among them. "I proposed [in 1994] that South Africa develop a gender budget and use the example of the Australian women's budget," said the long-time anti-apartheid and feminist leader. The following year, she and other members of the Finance Committee launched South Africa's first gender budget exercise, the Women's Budget Initiative (WBI).

Parliamentary support has given the WBI significant political weight within government, but it is rigorous economic research and analysis that drives the process itself. Collecting the necessary information, however, was difficult. Apartheid-era ministries and economists rarely bothered to collect gender-specific data. South Africa's post-apartheid parliament, like other African legislatures, lacked its own research capacity, leaving it dependent on the finance ministry for information and interpretation. "The first year I was in parliament," Ms. Govender recalled, "I shared a secretary with about 60 other MPs and had no researcher."

Forging alliances

The solution to the information gap was found in civil society. Two non-governmental organizations (NGOs), the Community Agency for Social Enquiry (CASE) and the Institute for a Democratic Alternative in South Africa, have been parliament's principal partners in the WBI and have coordinated almost all of the project's research and analysis.

The alliance of civil society groups and MPs is one of the WBI's greatest strengths, argues CASE researcher Debbie Budlender. "The non-governmental organizations have been able to provide the expertise and time necessary to collect information, undertake the research and produce the analysis. The parliamentarians have provided access to information and focus in terms of key political issues." Without an effective presence within government, "the analysis might well have remained to gather dust on the shelves or ... been used only within a closed circle of gender activists."

In its first year, the WBI examined the budgets of six ministries. Since then WBI researchers have expanded their focus to the full national budget and the budgets of the country's nine provinces. They have identified

many instances of gender bias and inefficiency in public spending. In 1995, for example, WBI found that, although 20 per cent of adult South African women and 16 per cent of the men were illiterate, just 1 per cent of that year's education budget was allocated to adult basic education. WBI analysts argued that the funding was inadequate and disadvantaged both men and women.

A review of the 1997 budget for public works found that one rural job creation and skills training programme run by the Department of Water Affairs and Forestry hired women for slightly more than half the new jobs created. A similar programme administered by the same ministry in another part of the country, however, hired women for just 14 per cent of the vacancies. WBI analysts also found that the programme tended to hire women for the lowest paid and least skilled positions — a problem not limited to public works. Overall, they reported, women occupied just 27 per cent of management positions in the national government and 38 per cent in provincial administrations.

Strength in numbers, vision

Despite the potential for occasional political embarrassment, say WBI activists, the South African government's response to the women's budget exercise has been positive. One of the reasons, said Ms. Govender, has been the election of women to almost 30 per cent of seats in the post-apartheid parliament. In the past, she noted, "the budget was designed by white men for white men, and the spending reflected that." Devising a budget for all of South Africa's people, she continued, turned parliament into a laboratory for new approaches like gender budgeting. "It is critical that we have a significant number of women [MPs], because it creates the space for these sorts of things to be raised. It changes the culture immediately. Otherwise you have huge pressure on a small number of women to conform to the dominant male culture."

But numbers alone, cautioned the legislator, were not sufficient for the adoption of gender budgeting and other pro-poor policies. "A large number of the women coming into parliament were active in the struggle against apartheid," she noted. "We started from a vision ... of a society in which basic needs are met, where there is work and dignity, where every person has the ability to develop to their fullest." Far from being labelled a special interest group, Ms. Govender observed, the WBI was widely understood as one strategy among many for social transformation. "That is critical to how successful we have been."

The fact that women occupy positions of power in parliament and government has also been important, she continued. Not only has the speaker of parliament, Ms. Frene Ginwala, been a strong supporter of gender budgeting, she noted, another veteran anti-apartheid and women's activist, Ms. Gill Marcus, chaired the Finance Committee when it first took up the WBI in 1995 and now serves as deputy minister of finance. "It is important to have women in significant places."

Support for the WBI within the ruling African National Congress was strong enough in 1998 that the finance minister pledged to incorporate gender budgeting methods into the government budgeting process — a commitment that has since been withdrawn. That setback was a reminder that "opposition hasn't just come from old-guard apartheid types," Ms. Govender laughed. "Opposition comes very much from some [anti-apartheid] comrades in government who are dismissive of us." But in general, she concluded, the WBI has proven to be a big success, not least because "throughout the country people are talking about women and the budget in a way that you never heard before we started this.... People ask 'how does this impact poor women?' It is a question that is raised straight through, and it is linked to women's struggles. That is the biggest impact."

> **"Your budget decisions really show your policy priorities. You can say your priority is poverty, but it's your budget decision that shows whether that priority is matched by spending."**
>
> **— Ms. Pregs Govender, South African MP**

Tanzanian women 'demystify' the budget

With help from the UN Development Fund for Women (UNIFEM), gender budgeting is spreading to legislators and women's rights advocates in other countries. Tanzanian activists began examining the national budget in 1997, explained Ms. Mary Rusimbi, executive director of the Tanzanian Gender Networking Programme, following a UNIFEM regional workshop on women and budgeting.

"The first thing we discovered is that we as women, and the public in general, hardly knew how the budget was made and how the government budget machinery worked.... We used [the gender budget campaign] as one important opportunity to learn about the budget and demystify it for the public." Most Tanzanians thought of the budget as something for government only, she continued. "We explained that the budget is about people issues and the allocation of public resources that had to touch on men's and women's needs.... We addressed how it is made and what the process is, and we found it was top-down, too technical ... and also male-dominated."

In 1997, a group of Tanzanian MPs, researchers, NGOs and government officials formed the Feminist Activism Coalition (FEMACT), which organized workshops about the gender budgeting process for government and civil society leaders. It was largely a non-governmental initiative at that point, Ms. Rusimbi told *Africa Recovery*, intended to build awareness and support. The breakthrough came in 1999, when the government invited FEMACT to assist with the inclusion of gender budget techniques in the official budget guidelines for planners. The government followed up with a request for formal training on gender budgeting.

In 2000 FEMACT was commissioned by the finance ministry to analyze six key sectors of the national budget — health, education, water, agriculture, women and children's affairs, and regional and local government. In contrast to the South African experience, which relies almost exclusively on NGO analytical expertise, Tanzanian research teams typically consisted of academics, NGOs and government representatives working together. "In health," Ms. Rusimbi explained, "our research found that a lot of money allocated for women's health issues — breast cancer, pregnancy and the like — wasn't reaching the people. So we reported that, and I'm glad to say the government has taken it up.... They have a ways to go but they are trying to push more money into women's health."

But because of poverty, she noted, the government's capacity to raise revenue is very limited. Its ability to adjust spending priorities within the budget is equally restricted, she noted, by conditions attached to development assistance by donor states and the International Monetary Fund and World Bank. "The support the government is getting from global institutions like

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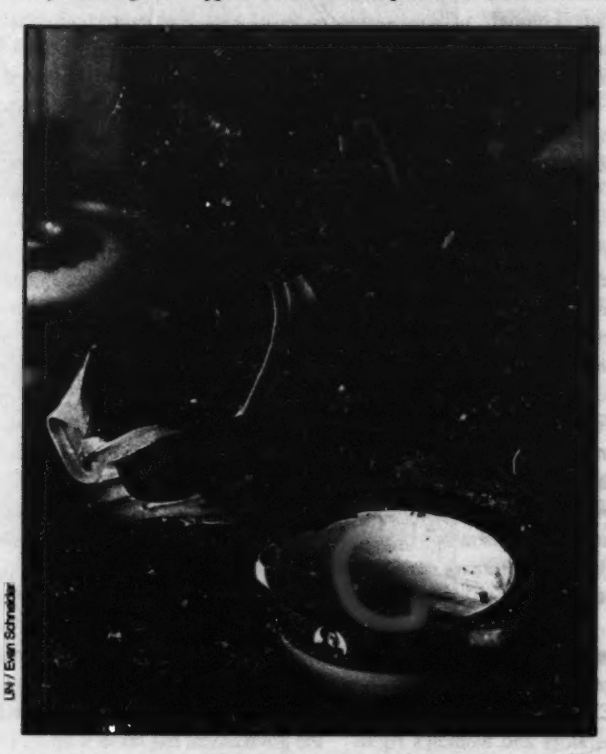
A troubled decade for Africa's children

Trapped by poverty, disease, war and insufficient aid

By Michael Fleshman

Over a decade after world leaders gathered at the 1990 World Summit for Children to set ambitious targets for improvements in child health and welfare, life for tens of millions of Africa's youngest and most vulnerable inhabitants remains difficult, dangerous and, all too often, tragically short. Despite the unprecedented global prosperity of the 1990s, and modest advances for children in some African countries, children in sub-Saharan Africa are more likely to be ill, less likely to be in school and far more likely to die before the age of five than children in any other region. Trapped in a downward spiral of war, disease and deepening poverty, African children and their parents were, by some measures, worse off at the end of the decade than they were at the beginning.



UN/ Evan Schneider

"African children have the worst life chances in the world," noted the past Organization of African Unity Secretary-General Salim Ahmed Salim at a Pan-African Forum for Children in May 2001. "And the gap between the survival rates, the education and the development of Africa's children and the children of other continents is increasing." Narrowing that gap will be on the world's agenda again this May, when heads of state and government convene at UN headquarters for the General Assembly Special Session on Children to assess progress towards the goals set at the 1990 summit. The leaders will pledge to build "a world fit for children" in the new millennium, but nowhere will that be more difficult than in Africa.

Lagging behind

The statistics bear grim witness to the plight of African children. During a decade that saw over 100 countries slash mortality rates for children under five by 20 per cent or more, the UN Children's Fund (UNICEF) reports, the rate for Africa declined by just 3 per cent overall, and actually increased in nine African countries. The under-five mortality rate for sub-Saharan Africa as a whole, at 175 per thousand in 2000, was more than double the world average of 81 per thousand and nearly 30 times higher than that of children in developed countries.

Statistics for another key indicator of well-being for children and their families, maternal mortality, are equally disturbing. Nearly half of the estimated 515,000 women who die annually from pregnancy or child birth are African. With 1,100 deaths per 100,000 births, African women are nearly three times more likely to die than women in the region with the next highest rates, South Asia. According to a 1995 UN study, one African woman in 13 will die during pregnancy or childbirth. In industrialized countries, the ratio is one in every 4,085.

Chronic malnutrition remains widespread in Africa, and the target of a 50 per cent reduction of malnutrition in children under five is far out of reach. Fully one in three Africans is malnourished and, despite improvements in some countries, the absolute number of hungry children rose during the decade. Statistics on low birth weight reveal that an estimated one in eight African babies — some 3.1 million infants — is born underweight each year.

Every third African child suffers from malnutrition.

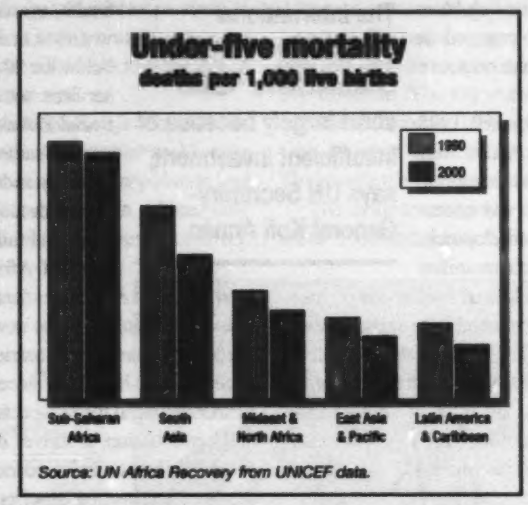
"The snapshot of children's well-being globally on the eve of the special session is mixed," UNICEF Executive Director Carol Bellamy told *Africa Recovery*. "But the picture for African kids is not so mixed. It is generally not good news."

Not all of the news is bad. Primary school enrolment in Africa rose from 54 per cent in 1990 to 60 per cent in 1998. Important progress has also been made in combating polio in Africa and other developing regions, with just 3,500 cases reported worldwide in 2000 compared to over 344,000 in 1988. Vitamin A and iodine deficiencies, major causes of blindness and mental retardation in children, have also been greatly reduced in Africa over the past decade in the face of sustained eradication campaigns.

These articles on African children, plus many others published in Africa Recovery *over the past two years, are available in a special 32-page reprint edition produced for the May 2002 UN Special Session on Children in New York. Requests for copies can be sent to the address on page 2.*

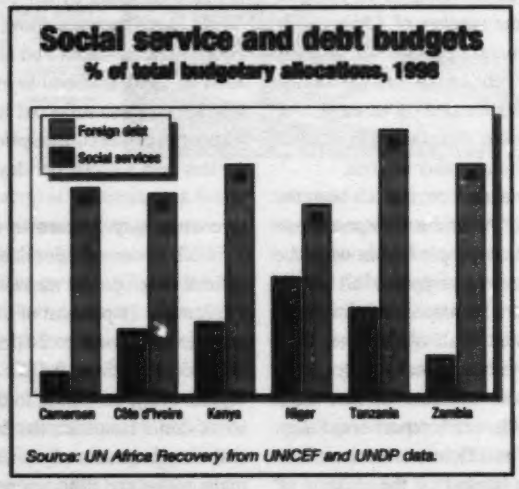
Guinea worm infections have dropped a remarkable 88 per cent, with most new cases limited to war-torn Sudan.

Even much of the good news, however, is tempered by difficult African realities. While polio has been eradicated in all but 20 countries worldwide over the past decade, for example, 16 of the countries worst affected are African. Primary school enrolment in sub-Saharan Africa, up 6 per cent in recent years, is still by far the lowest in the world, and the gender gap in enrolment, with 7 per cent fewer girls than boys in school, remained unchanged over the past decade.



Immunization against three common killers — diphtheria, pertussis and tetanus — stands at 72 per cent of children worldwide, but actually declined in Africa during the 1990s to just 46 per cent of African children inoculated. The slippage has come despite offsetting progress in 13 African countries which have achieved the target of 80 per cent coverage. Measles, another ancient scourge, has declined by nearly two thirds globally over the past decade but remains among the top five killers of African children today. A 1998 UNICEF study found that barely half of African children were immunized against the disease despite the low cost and effectiveness of the vaccine.

Development of a vaccine for another major cause of childhood deaths in Africa, meningitis, has languished for years — not because of technical difficulties, but because of its unprofitability. In announcing a $70 mn grant from the Bill and Melinda Gates Foundation earlier this year to finance development of the vaccine (see *Africa Recovery*, June 2001), the head of the non-governmental Programme for Appropriate Technology in Health organization noted that the absence of a consumer market for pharmaceuticals in Africa means "there is little incentive for the private sector to … develop the vaccine."



AIDS and war

African children were beset by two other, largely unanticipated calamities during the 1990s: AIDS and war. Of the 580,000 people under age 15 who died of AIDS in 2001, a staggering 500,000 — nearly nine out of 10 — were African. Of the 2.7 million HIV-positive people under age 15 around the world in 2001, 2.4 million were in Africa. Tuberculosis infection rates, closely associated with HIV/AIDS, have also soared, from an African incidence rate of 16 per 100,000 in 1993 to 52 per 100,000 at the end of 1999. More than 13 million children worldwide have lost one or both parents to AIDS, over 12 million of them in Africa.

The impact of the pandemic on children has been catastrophic, as those most important to the young — parents, teachers, doctors, peers and siblings — fall ill and die, causing close-knit families and communities to disintegrate. In the hardest hit countries, said Ms. Bellamy, AIDS has weakened the state. "I'm not talking about the disease itself, but its impact through the loss of health workers and the implications for the delivery of health and other essential services." Health services in particular, she noted, "generally are less effective now than they were 10 years ago in a good number of countries." For many children the loss of parents means a plunge into absolute poverty, the end of formal education and diminished prospects for the future as economies shrink and the hard-won development gains of decades are rolled back.

War too has wiped out advances for children in many African countries. In his report on progress towards the goals adopted at the 1990 summit, Secretary-General Kofi Annan noted that, at the time, "the cold war had recently come to an end and there was great optimism about a new era of peace." With peace would come an end to the economic and social dislocation of war, reduced military budgets and greater resources to invest in children. Instead, he continued, "the world was plunged into a decade of ethnic conflict and civil wars that was characterized by deliberate violence against children on a vast scale…. Perhaps more children have suffered from armed conflicts and violence since the summit than at any comparable period in history."

Nowhere has conflict had a more devastating impact on African children than in the eastern region of the Democratic Republic of Congo, where estimates of the number of war deaths since fighting began in 1998 reach as high as 2.5 million — the great majority of them women and children. In 1999 the UN High Commissioner for Refugees reported that six of the 10 countries generating the largest number of refugees were African, and that overall, more than

6 million Africans had been displaced because of conflict.

Children are not only the targets of violence, but also its perpetrators, press-ganged into government and rebel militaries alike and sometimes forced to commit brutal atrocities against members of their own families (see *Africa Recovery*, October 2001). The non-governmental Coalition to Stop the Use of Child Soldiers estimates that children aged 15 and younger are currently engaged in combat in 10 African countries and serve on active duty in others.

As Mr. Annan noted in his landmark 1998 report on the causes of conflict in Africa, war affects virtually all of the social and economic issues affecting children. Vital health and education services are paralyzed. Scarce development resources are diverted to war. Entire communities are uprooted and impoverished by the loss of livelihoods — leaving particularly women and children vulnerable to sexual assault and exploitation, hunger and disease. The conflicts that consumed some regions of Africa during the 1990s were an important brake on the progress of many children. The debilitating effects of the past decade's wars on them, their families and their countries' development prospects will linger long into the next.

The international community's goals for children have "fallen short largely because of insufficient investment," says UN Secretary-General Kofi Annan.

'Insufficient investment'

The single greatest obstacle to the advancement of children in Africa and other developing regions, the Secretary-General's report asserts, is poverty. During the 1990s, the World Bank estimates, about 70 million Africans joined the ranks of the absolute poor, bringing to some 300 million the number of African children and their parents on the very margin of survival. A 1998 study in countries containing 60 per cent of Africa's population found that over half of those surveyed subsisted on an income of just 67 cents per day. It is not surprising therefore, that Africa's children failed to keep pace with children in other regions.

The problem, Mr. Annan's report makes clear, has not been the absence of money, but the lack of will. "At a time of unprecedented global prosperity … some 1.2 billion people live in what the World Bank categorizes as absolute poverty, stripped of all human dignity as they struggle to survive on $1 a day in conditions of almost unimaginable suffering and want. Half of them are children." The international community's failure to reach its goals for children was "not because they were too ambitious or were technically beyond reach," the Secretary-General's report concludes. "It has fallen short largely because of insufficient investment."

That lack of investment has fallen hardest on the children of Africa. Part of the fault, says Ms. Bellamy, lies with African leaders. "African countries have to take the lead and invest in children. Unfortunately there are too many countries, even the poorest and most strangled by debt, that are engaged in war…. Leaders have to make choices and some of those choices have not been to invest in their people." Women, whose fates are most closely tied to those of their children, continue to suffer economic and social discrimination and political marginalization. Many senior African leaders were slow to recognize the seriousness of the AIDS pandemic and to assume leadership of education and prevention programmes.

According to the industrialized countries' Organization for Economic Cooperation and Development (OECD), during the 1990s developing countries devoted only 12-14 per cent of their national budgets to the basic social services — health, education, nutrition, sanitation and clean water — that benefit children most. This is well below the 20 per cent target for spending on social services set in 1995 at the World Summit for Social Development.

The same criticism can be made of the leaders of many industrialized countries, who benefited from a decade of unprecedented prosperity in the North but failed to arrest the growing impoverishment of Africa and its children. Indeed, in the view of many African leaders, economists and civil society advocates, the inequities of the new global economy, including the debt burden, Northern trade barriers, a lack of investment capital and declining aid, have only accelerated Africa's marginalization and further damaged the prospects of its children. In their view, African children's "failure to thrive" over the past decade mirrors the continent's failure to thrive economically during the booming 1990s, despite the promised benefits of open markets and free trade.

In spite of the emergence of an integrated, $30,000 billion global economy by the end of the decade, and impressive growth in Mozambique and a few other countries, sub-Saharan African economies overall were stagnant, with per capita gross domestic product declining by 0.7 per cent between 1988-99. As a result, World Bank statistics show, per capita GNP in Africa (excluding South Africa), which had already dropped from $509 in 1980 to $381 in 1990, declined to just $323 by 1999. The drop in economic activity was reflected in another important measure of well-being, per capita consumption, which declined from $324 in 1990 — less than a dollar per day — to only $281 in 1999.

Growing gap between rich and poor

Africa's economic decline was matched by a steady drop in official development assistance (ODA) from wealthy countries. In 1993, some 28 per cent of ODA went to Africa. By 1998 that percentage had shrunk to 24 per cent. Over that same general period, ODA declined from 9.4 per cent of recipients' GDP to 7 per cent. Significantly, according to the Development Assistance Committee of donor countries, the drop in ODA was sharpest in countries with the greatest need — those with the highest infant mortality, malnutrition and illiteracy rates.

What development aid was available to African countries was, in any case, rarely directed towards children's needs. Only about 10 per cent of ODA over the past decade was earmarked for the basic social services, particularly health and education, that most benefit children. These core services were often targeted for deep budget cuts in the 1980s under the structural adjustment

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Mali posts modest gains in child health

Democracy, peace and political commitment bring better health delivery

By Andrew Manley

Mali remains among the most dangerous places on earth to be an infant or child, despite clear improvements in the past decade. Nearly one child in four will die before the age of five. One in three suffers chronic malnutrition.

The picture is typical of West Africa's Sahel region as a whole. In part, it reflects the state of Mali's lamentable health care system. In the late 1990s only 30 per cent of the population had access to even rudimentary health services — in Africa, only Benin and the Democratic Republic of Congo were worse off. Barely half the population had access to clean water.

Yet some of these statistics were considerably worse in the 1980s. Although the figures remain among the world's grimmest, there have been some gains. One success in the 1990s was the complete elimination of polio. The incidence among infants, always high in Mali, had rocketed in the 1970s and 1980s. But the launch of an extensive vaccination campaign in 1988 was one of Mali's earliest child health successes: the last case of polio was recorded in 1995. There have been other advances. Guinea worm has been effectively eradicated. Yellow fever is absent for now. Hansen's Disease (leprosy) is increasingly a thing of the past. River blindness is said to be in steep decline.

UNICEF / Giacomo Pirozzi

An infant being weighed at a community clinic in Dougouolo, Mali: there have been some improvements in child health over the past decade.

Yet comprehensive vaccinations for polio and "DPT3" (diphtheria, pertussis and tetanus) still cover only 52 per cent of children. The worst killers — malaria and dysentery — remain rife. Nevertheless, life expectancy at birth may now be as high as 55 years, up from a mere 46 years in 1990, according to the UN Development Programme.

The improvements of the past decade are due to a combination of factors, many of them influenced by the changed political situation. The government has consciously shifted spending from the military to health and other social sectors since the end of President Moussa Traoré's dictatorship in 1991. The gradual entrenchment of democratic institutions, decentralization of administrative services, improved accountability, a vigilant independent media and the maintenance of peace since the end of the Tuareg rebellion in 1996 have all permitted some continuity in policy and made it possible to deliver health care to many Malians who previously received none.

Devaluation and adjustment

Although conscious policy decisions have been an important factor in the improvements, the wider economic situation has also influenced the short-term picture, and not always in a positive direction. The key event of the past decade was the 50 per cent devaluation in 1994 of the CFA franc, which Mali shares with 13 other countries, most of them former French colonies. The results have been mixed.

The evidence suggests that family and child welfare in rural areas benefited from shifts in the domestic terms of trade in favour of the countryside, that is, an increase in villagers' relative incomes, compared with the prices they had to pay for basic consumer goods. This was one of the main goals of the devaluation. It was reinforced by a lucky combination of good harvests, revamped food security mechanisms, sharply expanded cotton production at a time of revived world prices — boosting incomes in the cotton-growing rural south especially — and the expansion of medical outreach and village pharmacy initiatives after 1994.

There have been exceptions, however. In addition to the far north, isolated zones such as the Bankass and Tominian areas, near the border with Burkina Faso, see unusually high levels of infant illness and malnutrition. The causes are complex, but include closely spaced pregnancies, which have reduced breastfeeding periods per child, affecting infant nutrition. Poor soil and drought mean an unusually poor diet.

Mali's urban population bore the full brunt of the devaluation. Because they were more exposed to the wider world economy, townsfolk were hit more directly than villagers by the higher costs of imports. This blow came on top of the rigours of Mali's

structural adjustment programme, initiated in the late 1980s under pressure from the International Monetary Fund (IMF). The earlier phases of that programme paid no attention to social priorities, and the government was sluggish in addressing the scandalous provision and price of medicines as basic as infant rehydration compounds. Tellingly, key targets of rioters at the height of the 1991 "revolution" against President Traoré included the hated state pharmacies.

Bamako, the capital, is now home to at least one Malian in 10. Its urban economy has been transformed in the past decade, and a new middle class is emerging. But health services in poor outer suburbs such as Sénou and Sebenikoro remain minimal. Embryonic water and sewage systems have deteriorated because of excessive use. Living costs keep rising, and children inevitably bear the brunt of absolute poverty. In Bamako's worst shantytowns, it is survival of the fittest.

Decentralization on its own is no guarantee of improved basic health provision for children. However, the Malian experiment may be among Africa's most credible.

Five-year health programme

A key element in Mali's ability to make some progress despite the difficult economic circumstances has been its five-year health investment plan, known as the Programme de développement sanitaire et social (PRODESS). Launched in 1998, it is coordinated with a range of other social and economic plans.

PRODESS was the result of an unprecedented two-year process of consultations with all stakeholders, above all local communities and women. It was also realistically budgeted, something that was rarely true under previous health initiatives. Its main elements include:

- increased nationwide basic health coverage, through 347 centres specializing in speedy health care
- improved outreach services for "peripheral" areas, including low-population zones, with a growing emphasis on preventative medicine
- the establishment of a Federation of Community Health Associations, building on the extraordinary growth in community associations in the 1990s
- a nationwide system for supplying basic medicines.

PRODESS has as its motto "Health for All," but there is no doubt that infants and small children will benefit most from this level of health coverage. Its stress on equitable standards and geographical distribution of health centres is a departure from previous approaches. So is the idea of community ownership.

An initiative by the French Médécins du monde (MDM) in Mali's vast north, at the desert's edge, illustrates how the PRODESS plan relies on better coordination with non-governmental organizations (NGOs). Goundam, in the region of Timbuktu, has a population of 150,000, including 30,000 returned refugees from the 1990-96 conflict between the army and Tuareg rebels. This semi-nomadic population covers an immense territory and is among the country's very poorest. Levels of maternal and infant mortality unsurprisingly reflect this. Since 1996, the MDM has opened 13 bush clinics situated on migratory routes, with the express aim of reducing miscarriages and new-born deaths, as well as mother and infant malnutrition.

Another example of NGO action tailored to PRODESS's overall plan is a medicine project of Pharmaciens sans frontières (PSF), also from France, in the Sikasso region. Close to the southern border with Côte d'Ivoire, the densely populated area has been surprisingly poorly served since independence, especially where child health is concerned. The main aim of the PSF's five-year project is to boost access to reasonably priced medicine from 20 per cent of the local population to 80 per cent, with special emphasis on rural women and children.

Decentralization

The government's decentralization programme is another factor that may improve children's fortunes over the medium-term. Developed gradually between 1993 and 2000, it aims to devolve both essential local services and the authority to fund them to 701 specially created communes (19 of them urban). Among these are basic health and education. This is a radical departure from the highly centralized state system bequeathed to Mali at the time of its independence from French colonial rule in 1960. Despite the centralization of official government bodies, informal local decision-making mechanisms have survived surprisingly well, especially at village level, and the new initiative seeks to build on this.

As with PRODESS, it is too early to tell whether a corner has been definitively turned. Decentralization on its own is no guarantee of improved basic health provision for children, or of anything else. However, the Malian experiment may be among Africa's most credible. During the 1999 elections that finally brought the new system into being, women were targeted by the administration, NGOs and some political parties, with the message that voting was an effective way of ensuring that their and their children's interests would be taken into account. Radical feminism might face considerable resistance in the villages, observed one outreach worker, "but the men cannot object to improving the lot of their children."

Meanwhile, information circulates much more widely at the local level, thanks to an explosion of community radio stations broadcasting in Mali's indigenous languages. The independent media is often quick to criticize regional officials who try to abuse their positions. An evolving culture of representation is obliging local decision-makers to be held accountable.

Political will

Ultimately, the past decade's progress is the result of political will, administrative reforms and rather a lot of luck. PRODESS, for all its imperfections, is the first credible health plan Mali has seen. Key ministries — especially the Ministry of Women — have been galvanized. Despite bitter and often justified criticism of other policies, the government of President Alpha Oumar Konaré has kept child health near the top of its priorities.

This has sometimes meant facing down IMF officials

demanding sharp budget cuts at any cost. Mali's admission to the heavily indebted poor countries (HIPC) debt-relief initiative in late 2000 was a further sign that the IMF and World Bank are trying to modify their earlier heavy-handed approach to one of Africa's most fragile economies.

Malian policymakers see HIPC as just a start. The debt burden is still unsustainable and adequate increases in future social spending depend upon a near-complete write-off of external debt. The country's interim Poverty Reduction Strategy Paper, which outlines how HIPC debt relief will be spent on social needs, is considered to be one of the best-prepared and credible in francophone West Africa.

Yet nothing can be taken for granted, by the government or its external partners. Reaching the child health targets depends on an average 5 per cent annual economic growth rate until 2008. In 2001, Mali's gross domestic product did not grow at all, although the IMF and government project that it should rise to about 6 per cent in both 2002 and 2003. Such a volatile growth trajectory is mostly beyond the government's direct control, but it will determine just how much scope there actually is for exercising political will. Since the famine crisis of the early 1980s, Mali has "lost" two generations of its young. It cannot afford to lose another. ■

A troubled decade for Africa's children

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programmes of the International Monetary Fund and World Bank, and remained a low priority for both African governments and donors during the past decade. "That is hard to understand," the Secretary-General's report observes pointedly, "given the international consensus on the benefits of 'investing in children.'"

Africa's ability to finance the development of its children was further compromised by the debt. Between 1980 and 1998 Africa's external debt nearly quadrupled, to over $230 bn, forcing many African countries to pay more — often much more — in debt service than for health and education (see graph, page 7). Overall, the UN Conference on Trade and Development reported last year, "for each dollar of net capital inflow to sub-Saharan Africa from the rest of the world, a dollar and six cents has flowed out.... These figures point to a net transfer of real resources from sub-Saharan Africa to the rest of the world."

As a result, Mr. Annan's report notes, "The gulf between rich and poor countries continues to widen. Between 1960 and 1995, the disparity in per capita income between industrialized and developing countries has more than tripled. Never in history have we seen such numbers. And never have we seen overall aid to the world's neediest countries fall to levels as low as they have in recent years."

Making the world fit for children

If the past decade has produced little progress for Africa's children, there are reasons to hope that the next 10 years will be better. In Mali and other countries (see page 9), government and civil society have forged new alliances to challenge the spread of HIV/AIDS and other diseases, strengthen health and education systems, open up the political process and strengthen transparency and accountability in budgeting and governance. The efforts of individual countries were reinforced by the adoption of an African Common Position by governments and NGOs at the Pan-African Forum on Children in Cairo last year. The statement affirmed children's rights to health, education and peace and declared that "the concerns of children and youth of Africa must be at the centre of the global agenda." African peacemaking and peacekeeping efforts have become more energetic and effective in recent years, improving prospects for an end to the devastating conflicts in West and Central Africa and paralleling the UN's efforts to improve the effectiveness of its own peacekeeping and peacemaking mechanisms.

Externally too, there are modest signs of improvement. In the wake of the failed 1999 World Trade Organization meeting in Seattle, the European Union and the US have slowly begun to open their markets to African exports, reducing tariffs on a growing number of products and expanding technical assistance and capacity building programmes. Debt relief, however halting and fragmentary, has begun to arrive in some of the poorest African countries and is freeing up additional resources for children. In Uganda, for instance, savings from debt relief are financing expanded primary school education and a national campaign to close the enrolment gap between girls and boys.

Despite the economic shock of the 11 September 2001 attacks on the US and the deepening global recession, reform of the multilateral financial system and increased support for AIDS prevention and treatment programmes in Africa remain on the international agenda. This is true in part because a global coalition of Northern and Southern non-governmental organizations and civil society groups has emerged to press wealthy governments and international financial institutions to expand debt relief, increase development assistance and put poverty reduction at the heart of the world economic system. Whether African governments, their donor partners, and the private sector can generate the resources and the political will to build a sustainable economic base for the progress of Africa's children, however, remains to be seen.

In 1990, the international community declared, "Together, our nations have the means and the knowledge to protect the lives and to diminish enormously the suffering of children." Twelve years later it is clear that, in fundamental ways, world leaders failed to deliver on their promises to improve the lives of Africa's children. Whether they will muster the means and apply the knowledge to make good on their promises this time also remains to be seen. African children and their parents will be watching. ■

Africa seeks to safeguard its fisheries

With an eye on sustainability, Senegal orders EU boats out of its waters

By ***Gumisai Mutume***

For ages fishermen have cast their nets into the waters of the Atlantic coast, stretching for 2,000 kilometres from Morocco to Guinea-Bissau, one of the world's last remaining great fisheries. Their catches have been abundant, but the increasing presence of foreign trawlers, particularly from Asia and Europe, has brought the depletion of some key fish stocks. This has raised concern that the livelihoods of small-scale fishermen and the sustainable development of a major economic sector are now under threat.

"If there had been enough fish in our waters, would we have to use up our fuel to go as far away as Freetown [Sierra Leone] to fish?" asks Senegalese fisherman Abdourahmane Ndir. He warns that if European boats continue to overfish, "they will kill Senegalese waters, just as they have done with their own."

Partly in response to such concerns, Senegal halted European fishing in its offshore waters in January, following a breakdown in negotiations over renewal of fishing concessions the European Union (EU) has enjoyed for more than two decades. The agreement with Senegal is one of many the EU has signed with African countries allowing vessels, mainly from Spain, Portugal, Greece, Italy, the Netherlands and the UK, to take home hundreds of thousands of tonnes of tuna, shrimp, sardines, salmon, anchovies, hake and other types of fish in demand in Europe.

United Nations

Livelihoods of Senegalese fisherman are threatened by depletion of fish stocks, in part by European trawlers.

Since the 1950s, industrial fishing in the Northern seas has expanded rapidly, depleting stocks in the most productive areas to levels at which recuperation has become almost impossible. To cater for its growing demand for fish and keep its fleets busy, the EU headed south during the 1970s and signed agreements with African and Indian Ocean countries — permitting more than 300 ships to work in African waters. While the EU also has treaties with nations in the North Atlantic and Latin America, its most important source of imported fish is Africa. The EU bought 540,000 tonnes annually between 1993 and 1997. Nearly half of this — 240,000 tonnes per year — came from Africa. Morocco provided 74 per cent of Africa's share, while Angola, Guinea-Bissau, Mauritania and Senegal together accounted for 25 per cent of the catch.

The agreements last an average of three years and stipulate the royalties to be paid, the number of observers on each ship and the number of local workers foreign boats must hire. The costs of fishing rights are calculated differently for each agreement — based on the number of vessels, the amount of fish caught or both. Often the EU pays a flat fee for access rights to a fixed quota of fish and individual shipowners then pay for licences. Such fees account for an estimated 15 per cent of Mauritania's national budget and 30 per cent of Guinea-Bissau's.

However, a study by the UN Environment Programme (UNEP) warns that the long-term costs of these agreements — through the loss of income for local fishermen, environmental damage and depletion of native fish stocks — far outweigh the short-term financial gains. The hard currency developing countries earn from these agreements may help them pay off external debts and stimulate economic growth, but, says UNEP Executive Director Klaus Töpfer, "unless strict safeguards are in place, this can be a costly mistake."

Costs of over-fishing

Senegal is one of six countries highlighted in the ongoing UNEP study, "Economic Reforms, Trade Liberalization and the Environment," parts of which were released in November. Over-fishing in Senegal has had a devastating impact, depleting some of the deep-living coastal species favoured by European consumers, the report states.

Several factors contributed to this:

- The Senegalese government signed a number of agreements with foreign fleets during the 1980s, to boost a poorly performing fishing industry.
- The Lomé Convention, a preferential trade agreement between the EU and African, Caribbean and Pacific nations, accelerated fish exports by guaranteeing duty-free access to the EU market.
- The 1994 devaluation, by 50 per cent, of the CFA franc, the currency of the community of former French colonies in West Africa, made exports cheaper.

By the late 1990s, fishing in Senegalese waters exceeded the estimated annual sustainable catch of 420,000 tonnes by an average 30,000 tonnes (see graph, page 13). Fish have now overtaken groundnuts as the country's primary export. In 2000, about 30 per cent of export earnings were derived from fishing, a sector that employs about 600,000 of the country's 3.5 million economically active people.

But this rapid growth was not without cost, notes UNEP. The report warns that there is risk of shortages on the local market in the future, due to a shift by small-scale fishermen in favour of exports rather than domestic markets — drawn by higher profit margins in the export sector. There has also been a decline in certain species. Yields of conch, an important part of the Senegalese diet, dropped from 20,000 tonnes in 1989 to 5,000 tonnes in 1998 due to the depletion of stocks.

In addition, the country has not benefitted substantially from transfers of technology promised through its fishing agreements with industrial nations, UNEP reports. Instead of developing new, modern fish-processing plants, emphasis was placed on expanding existing outdated facilities, denying the country an opportunity to process and thus add value to its product before export.

Negotiations deadlocked

Increasingly concerned about such problems, Senegal is currently deadlocked in negotiations with the EU. The country signed the first of a series of four-year fishing agreements with the EU in 1980. The last one, signed in 1997, expired in April 2001, but was extended twice to allow further talks. The negotiations dragged on through these temporary extensions with no agreement, and in January Senegal stopped EU fishing.

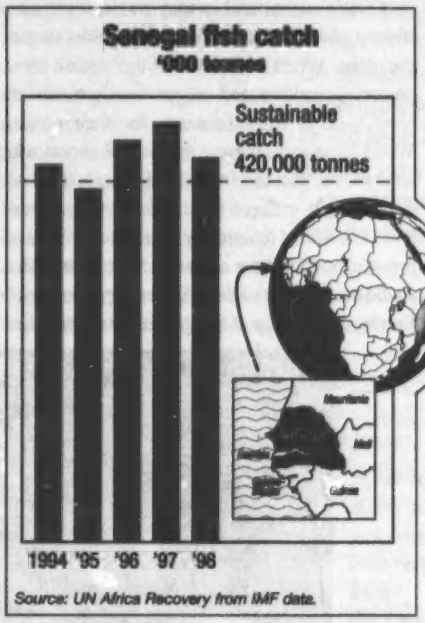
Mr. Franz Fischler, European commissioner for agriculture and fisheries, says the suspension "is not in accordance with the excellent long-standing relations existing between the EU and Senegal."

However, the mood of the negotiations has been far from excellent. The talks reportedly broke down partly due to EU demands for an increase in its catch by 60 per cent — from an annual quota of 10,000 to 16,000 tonnes. The 15-member EU also demanded that the number of vessels allowed to fish in Senegalese waters be raised from 148 to 207.

Senegal, on the other hand, is demanding that the EU pay more for access to its fish. Under the last agreement, the EU paid €48 mn over four years. Also, rather than maintaining a simple commercial relationship, Senegal is seeking a more cooperative arrangement to safeguard the sector's sustainability. Officials point to Senegal's relationship with Spain (Senegal also has bilateral agreements with individual countries) as a possible model. Spain is involved in building a $4 mn fish market and a $7 mn training college for Senegal's small-scale fishermen.

Mr. Ndiaga Gueye, Senegal's director of sea fisheries, says the government "will not just accept anything under the pretext that it has financial benefits."

The country wants to develop its own industrial fishing sector to improve efficiency. The sector relies on old, inefficient trawlers and equipment, contributing to the problems of over-exploitation. While the 10,000 tonnes EU fishermen take home annually is lower than what local fishermen harvest, Minister of Fisheries Cheikh Sadibou Fall says Senegal needs to secure its own interests first and develop a leaner, modern sector that is capable of exporting local products direct to supermarket shelves.



Source: UN Africa Recovery from IMF data.

The country is insisting that the period of the new agreement be shortened to two or three years. Senegal is also reluctant to provide exclusive fishing zones to EU fishermen or to allow shorter rest periods (time necessary to allow the replenishment of fish stocks), as requested by the EU.

But officials are all too aware of the risks of taking a hard negotiating position with their most important trading partner. Mr. Amadou Wade of Fenagie, Senegal's fisheries federation, says negotiators are wary of the danger that the EU "could refuse to let us have access to its markets for trade if we don't comply."

Nature of fishing agreements

Through pressure from local associations of fishermen, some EU agreements increasingly involve Africans in industrial fishing and contain clauses that support the development of the local industry. The Brussels-based non-governmental lobby group Africa-Europe Faith and Justice Network (AEFJN) notes that the new generation of agreements, such as those signed by Namibia, Morocco and Senegal (now expired), include measures to avoid over-fishing, give priority to national fleets over foreign vessels and demand greater local involvement in fish processing in order to increase the value of the exported product.

"However, the commercial aspect and the interests of the EU still dominate these fishing agreements," notes AEFJN. A survey by the French Research Institute for the Exploitation of the Sea shows that for every euro Europe invests in these agreements, it earns three. EU agreements with Southern nations have created more than 40,000 jobs, the survey shows, 80 per cent of them in the EU.

AEFJN notes that even though the boats pledge to respect their quotas and abide by the laws of licensing countries, few African countries have the means to monitor them, "hence they don't respect the conditions of the contracts." In West Africa, nations must monitor not only the boats of the EU, but also those from Japan, Russia and South Korea. Rogue boats pose another challenge, by encroaching on different fishing grounds without respect for quotas or limitations.

Harmful subsidies

Critics charge that what makes EU fishing agreements with African countries particularly harmful is that they bring in highly subsidized, commercial fleets to compete with poor, local artisan fishermen, who almost always have no access to official aid programmes. The subsidized boats, often much bigger and boasting superior equipment, are designed to catch more than those belonging to small-scale fishermen.

In Senegal, small-scale fishermen rely on a low-technology approach marked by low financial investments and a large workforce. There are 60,000 small-scale fishermen who bring in more than 70 per cent of the total volume of fish consumed locally. As fish become scarcer, the fishermen are travelling farther out to sea. Those unable to keep up with the competition from the larger boats resort to supplying the European and Asian boats instead, notes AEFJN. In some cases, the AEFJN charges, foreign vessels use local fishermen to gain access to coastal areas they are prohibited from under the fishing agreements.

The EU spends about $1 bn annually subsidizing fisheries. Of this, about $280 mn directly supports 850 vessels to fish outside EU waters, the group's fishing directorate reports.

Because they support large ships and fleets, subsidies often lead to over-fishing, according to the UN Food and Agriculture

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Global financial clouds on Africa's horizon

Crises and instability bring more globalization headaches

By Ernest Harsch

When the value of South Africa's currency, the rand, plummeted in December, local analysts blamed international currency speculators or possible financial contagion from the collapse of the Argentine economy. Around the same time, Argentina's troubles were heightening anxieties among investors in Egypt. A Cairo newspaper cartoon depicted the Egyptian prime minister waking from a nightmare: that he was trying to run Argentina itself. When leaders of West Africa's former French colonies met in Dakar, Senegal, that same month, they had a different worry in mind. Would the advent of a strong European currency, the euro, eventually force them to again devalue their own common money, the CFA franc?

Other international economic trends, including low commodity markets, high foreign debt burdens and reduced aid flows, have already had a profound impact on Africa's small and vulnerable economies. The current world economic slowdown, if prolonged, could seriously dim growth in Africa, although so far the continent has been less severely affected than most other regions.

On top of all this, sharp fluctuations in international financial markets — including sudden crises like the one in Argentina — are adding to Africa's worries. Such instability makes it imperative, South African President Thabo Mbeki told his parliament in early February, for African leaders to work with international financial institutions "to fashion a global financial architecture that cushions so-called 'emerging markets' from occasional market irrationality." At a UN-organized International Conference on Financing for Development, held in Monterrey, Mexico, the following month (see page 3), Algerian President Abdelaziz Bouteflika observed that "massive movements of speculative capital," among other international financial trends, "generate instability, imbalances and crises." He also called for a new monetary and financial system "at the service of healthy and sustainable growth."

In similar terms, the New Partnership for Africa's Development (NEPAD), the continental development strategy now actively promoted by Mr. Mbeki, Mr. Bouteflika and other African presidents, urges "a global financial architecture that rewards good socio-economic management."

Erratic capital and money markets are also stirring alarm in major financial centres across the globe. When the leaders of the world's most powerful countries and corporations gathered in New York in early February for their annual World Economic Forum, the overall mood was sombre. The fact that it was held in a city that had only recently suffered from a devastating terrorist attack tended to mute the celebratory mood of previous such forums in Davos, Switzerland. But so did the collapse of the US energy-trading giant Enron, the crisis in Argentina and uncertainties about the world economic slowdown.

Reuters / Bettmann

Johannesburg Stock Exchange: stocks, bonds and other short-term flows can bring in foreign capital, but also financial instability.

The period of "irrational exuberance" in capital markets during the 1990s is now over, remarked one of the forum participants, Mr. Robert D. Hormats, vice-chairman of Goldman Sachs International, a leading Wall Street investment house. "A new sense of realism has descended on us, and we realize we're all in peril."

'Africa should be concerned'

The debates over managing sudden fluctuations in private capital flows are of greatest immediate interest to the larger "emerging markets." Africa has relatively few of those — chiefly South Africa, Egypt, Nigeria and a handful of others. For many of the poorer countries of Africa, the problems in Buenos Aires and even Johannesburg seem remote. Since they are not well-integrated into global financial networks, they are now shielded somewhat from the most immediate effects of such instability.

But as African countries develop more — and attract greater investor interest — similar issues will inevitably confront them as well. Some already are starting to wonder what pitfalls may lurk ahead. Do abrupt and uncontrollable financial crises lie in their own futures? How can the "international financial architecture" be restructured to help avert them? Is more extensive participation in the globalization process worth the risk?

Even today, the instability of financial markets can seriously affect African economies, notes *Capital Flows and Growth in Africa*, a study by the UN Conference on Trade and Development (UNCTAD). Its analysis of short-term capital flows in 15 African countries, both large and small, shows that such movements can have a greater impact than might be expected from their size alone, because currency and financial markets are "rather thin in most countries." Although these flows in Africa did not exhibit the same kind of boom-bust cycle as in Latin America and Asia, UNCTAD reports, there still was increased instability of short-term flows in Africa during the 1990s, compared with the previous decade.

As Mr. Fantu Cheru, professor of African and development studies at American University in Washington, observed in an interview with *Africa Recovery*, no African country can be "immune from any fallout" from an international financial crisis. Yet so far, he

noted, Africa — with the exception of South Africa — is not deeply involved with such issues, in part because it remains on the margins of the main financial markets. But overall, said Mr. Cheru, the problems are grave enough that "Africa should be concerned."

Deregulation and crises

The past decade has been marked by repeated financial crises, in Mexico, East Asia, Russia, Brazil, Turkey and now Argentina. Many economists associate this turbulence with the increasing importance of short-term capital flows, as regulation of both domestic and international capital markets has been greatly liberalized. Unlike foreign direct investment (FDI), which goes into long-term fixed assets — factories, farms and other productive activities — investments in stocks, bonds, currencies and other tradeable financial instruments generally seek very quick profits, and are fickle.

According to some estimates, global foreign exchange transactions mushroomed from $4,600 bn in 1977 to $375,000 bn in 1998. In the latter year, over 80 per cent of the turnover involved "round trip" flows of a week or less, primarily speculation on movements in currency exchange rates and the prices of stocks and bonds in different markets, along with efforts to exploit discrepancies in interest rates between countries. Slight changes in investor confidence, exchange rates or interest rates can send billions of dollars rushing from one country to another.

Such short-term flows, together with FDI, helped fuel investment booms in a number of emerging markets during the early and mid-1990s. Except for a small portion that went into the stockmarkets of South Africa, Egypt and a few other countries in Africa, they generally bypassed the continent. Although FDI to Africa increased from $9 bn to $11 bn between 2000 and 2001 — at a time when global FDI inflows dropped by nearly half — this was still just a tiny fraction of the $760 bn total worldwide. And most of it went into just a handful of African countries with extensive oil or mineral reserves.

More seriously for poorer African countries, notes UN Secretary-General Kofi Annan, this investment surge has contributed to a "mistaken belief" in donor countries that private capital flows would render official development assistance "obsolete," contributing to the sharp fall-off in aid flows over the same period.

Even for recipients of large private capital flows, the outcome has not always been positive. With weak financial institutions and little control over external capital movements, several East Asian "tigers" suddenly were thrown into crisis in mid-1997. Currencies collapsed, economies contracted, businesses went bankrupt, banks were left holding uncollectable loans, poverty spread massively, and in Indonesia widespread unemployment contributed to the downfall of the long-time president.

In weighing the lessons of the East Asian crisis, many economists pointed to a number of local factors: weak banking sectors, poor market information and extensive "crony capitalism," in which politically connected businessmen were able to secure huge, but risky, loans. Yet even strong advocates of liberalization also cited excessive deregulation of capital markets as a problem. Some also blamed the insistence of the International Monetary Fund (IMF) that countries push up interest rates (in order to draw back foreign capital), a policy that succeeded instead in driving the East Asian economies deeper into recession.

Do abrupt and uncontrollable financial crises lie in Africa's future? How can the "international financial architecture" be restructured to avert them?

The shockwaves of the Asian crisis extended far beyond the region. Skittish short-term investors began pulling out of other troubled markets, worsening the crises that soon broke out in Russia and Brazil. Africa, because of its less-developed ties with the world economy, was less seriously affected, except through a sharp decline in African commodity exports to Asia and the instability that infected South Africa's financial markets.

'A perverse economic model'

Then came Argentina's collapse late last year. The falldown was all the more dramatic in that Argentina is Latin America's second largest economy, and once boasted a very robust industrial sector and some of the highest living standards on the continent.

In 1991, with strong encouragement from the US Treasury Department, Argentina's leaders sought to tame high inflation by essentially "dollarizing" their economy: the value of the peso was fixed to that of the US dollar, at a rate of one-to-one. Over the decade, the government also privatized most of the public sector — including education and health — and deregulated financial markets across the board.

For a while, economic growth was stimulated by an influx of privatization dollars and speculative capital. But about four years ago, the economy started to slow. One problem was that the US dollar rose in value internationally, dragging with it the Argentine peso. That made Argentine exports more expensive — and less competitive — on world markets, hurting local industry.

By December 2001, Argentina's difficulties reached a breaking point. President Adolfo Rodríguez Saá declared a moratorium on payments on his country's $132 bn debt, the largest public default ever. For Argentines — one-fifth of whom had been driven below the poverty line — conditions became so bad that Buenos Aires and other cities were swept by bitter protests, resulting in numerous deaths. President Rodríguez resigned. Within just a fortnight, three successors came and went, before Mr. Eduardo Duhalde finally settled in as president. "Argentina is bust," he admitted, and is moving to the "verge of disintegration and chaos."

How had things reached such a state — in a country that so often had been cited as a free-market success story? Officials at the IMF, US Treasury and the Group of Seven (G-7) industrialized countries tended to point fingers at Argentina's leaders, for corruption, mismanagement and refusing to cut back public spending sufficiently. Some economic analysts blamed the inflexible currency peg. Conservative US politicians accused the IMF of lending Argentina too much, for too long.

President Duhalde thought the problem lay with the policies of his predecessors, in a "perverse economic model" that, "in its agony, dragged everyone down with it." More bluntly, Venezuela's outspoken President Hugo Chávez, who in January became chairman of the developing countries' Group of 77, said that month: "Argentina is a country that is suffering from an overdose of the poison of neo-liberalism."

Rand 'attack'

Around the same time that Argentina was going into a deep slide, South Africa's currency, the rand, dropped dramatically in international value. It had already started to decline somewhat earlier, but during the last quarter of 2001 it fell by a sharp 24 per cent against the US dollar. During a few weeks in December, the rand's value abruptly rose and fell several times.

At first, market analysts and government officials were at a loss to explain the rand's fall. The "fundamentals" of South Africa's economy and economic management were widely

considered to be sound, and stock analysts and traders alike used terms like "ludicrous" and "insane" to describe the rand's market performance. Some thought that perhaps investor confidence had been shaken by Argentina, the political turbulence in neighbouring Zimbabwe or the slow pace of South Africa's privatization programme. Finance Minister Trevor Manuel discounted these as significant explanations.

Then in early January, Mr. Kevin Wakefield, the chief executive officer of the South African Chamber of Business (SACOB), blamed currency speculators. He accused "market manipulators" of using "dubious financial methods" to attack the rand with the aim of earning quick profits in currency trades for themselves. He urged the government to investigate the possibility of illegal or unethical speculative activities and provided it with a confidential report with details of SACOB's allegations.

The government named a respected jurist, Mr. John Myburgh, to head a commission of inquiry. Its mandate is to investigate South African currency trading during 2001, to detect if there were indeed attempts to manipulate the rand's value, and by whom. The commission has been given until the end of April to report back.

Whatever the ultimate findings of the Myburgh Commission, South Africa's experience brings renewed attention to the problems of currency speculation, one of the factors that had helped precipitate the crises in Asia.

Essentially, currency speculators — clearing banks, investment houses, hedge funds and rich individuals — gamble on fluctuations in world currencies, betting, for example, that the rand may be devalued against the dollar in the near future. They take out local rand loans, convert them to dollars, and, following devaluation, buy back cheaper rands to pay off the loans, with a hefty profit left over. With the prevalence of 24-hour electronic financial markets, massive shifts can take place very quickly. If enough speculators act the same way, the value of the local currency can plummet dramatically — an "attack" in the jargon of market traders.

If Asia, Africa and Latin America remain silent, nothing will happen. "Why don't African countries raise the issue of the international monetary system?" asks Professor Robert Mundell.

CFA and the euro

More than a dozen former French colonies in Africa use a common currency, the CFA franc. Because the franc's exchange rate is fixed, these countries are much less vulnerable to currency instability. At the 3-8 March African Development Forum, organized in Addis Ababa, Ethiopia, by the UN Economic Commission for Africa, Columbia University's Professor Robert Mundell, a Nobel Prize laureate in economics, urged them to continue pegging their franc to the euro. (Through its earlier link with the French franc, the CFA first became fixed to the euro in 1999, and is now set at a rate of CFA656 to €1.)

Such a peg, Mr. Mundell argued, means that the economies of the CFA countries are "islands of stability" in an unstable financial world, and have very little inflation. As a result, they are generally more attractive to foreign investors than are countries with similar resources and infrastructure, but with less predictable exchange and inflation rates. Having a stable monetary system does not necessarily bring economic growth and development, he cautioned, but it does "get rid of a distraction" and allows governments and businesses to make more reliable long-term plans.

Originally created in the 1940s as a colonial currency, the CFA survived the transition to independence. It kept its peg to the French franc and its convertibility was guaranteed by the French treasury. The fourteen countries that use the CFA retain their foreign-exchange reserves in two central banks, one in Dakar, Senegal, for the West African zone, and one in Yaoundé, Cameroon, for Central Africa. Because the money supply is controlled by these central banks, national governments cannot overcome budgetary problems by simply printing more money, a restraint that further contributes to the CFA's stability.

But fixing a local currency to a stronger international one sometimes brings its own problems, as Argentina saw with the peso's peg to the US dollar. The same thing happened before with the CFA franc. At the time of its creation, the value

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Market in Côte d'Ivoire: Will the CFA franc's tie to the euro continue to favour monetary stability and low inflation?

of the currency was fixed at CFA50 to 1 French franc, a rate that was maintained for nearly half a century. But in the late 1980s and early 1990s, the value of the French franc increased against other world currencies, contributing to the CFA's appreciation as well. This overvaluation, combined with other economic difficulties, led to serious financial problems.

In January 1994, under heavy pressure from the IMF and World Bank, the French treasury finally agreed to use its leverage with the CFA governments to push through a devaluation of the CFA franc by half, pegging the new rate at CFA100 to FF1. In CFA terms, these countries' debts suddenly doubled, while the cost of imports skyrocketed, bringing several years of relatively high inflation. Since the devaluation also made local exports more competitive, however, most CFA economies eventually were able to recover.

Still, the memory of the devaluation remains a traumatic one. Fueled by speculative rumours that the advent of the euro could again affect the CFA's value, anxieties about a second devaluation were very much in the air when West African leaders gathered in Dakar in December for a summit of the eight-member Union économique et monétaire ouest africaine (UEMOA, West African Economic and Monetary Union). UEMOA President Moussa Touré sought to dispel concerns by noting that the euro already had been in circulation since 1999, with no adverse impact on the value of the CFA.

Mr. Touré and other UEMOA officials cautioned, however, that there simply are no guarantees of long-term monetary stability. Shifts in value between the euro and other international currencies, disparities in economic growth among the UEMOA's member-states, and world market trends could all influence the strength of the CFA franc. At a minimum, Mr. Touré said, there probably would be no devaluation "over the next three-to-four years."

Africa needs a voice

Africa must be better prepared to handle the impact of global financial instability, experts agree. It also must ensure that its particular concerns are taken into account in the ongoing international debates over the effectiveness of foreign aid, the mechanisms for debt relief, and the institutions and procedures needed to help prevent financial crises. If Asia, Africa and Latin America remain silent, nothing will happen, Mr. Mundell told the conference in Addis Ababa. "Why don't African countries raise the issue of the international monetary system?"

In fact, some countries have tried to do just that. Nine African states belong to the intergovernmental Group of 24, set up in 1971 to present developing countries' views on international financial issues. Through that forum, they have pressed, among other things, for national capital controls, new emergency financing facilities, regulation of hedge funds and offshore financial centres, and more seats on the IMF Executive Board — sub-Saharan Africa now has only two seats, compared with eight for Western Europe, for example. But

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'Another Africa is possible'

Social movements organize to challenge dominant economic policies

By ***Joan Baxter***

Bamako

They came, they talked, and then they marched down Independence Boulevard in the Malian capital, Bamako. Their demonstration blocked motorists' passage, and they shouted slogans: "Another Africa is Possible! Down with neo-liberalism! Down with injustice!"

Leading the vociferous procession of about 200 were several of Africa's most outspoken critics of the World Bank, International Monetary Fund (IMF), structural adjustment programmes and the economic ideology the demonstrators called "neo-liberalism." There was Algeria's father of independence, Mr. Ahmed Ben Bella, 84 years old and still energetic. While the spirited protesters danced and sang around him, Mr. Ben Bella shouted, "Today we are going to bury capitalism here in Bamako!"

Joan Baxter

Two of the central figures at the African Social Forum in Bamako: Ms. Aminata Traoré and Mr. Ahmed Ben Bella.

The march, in early January, came at the culmination of a week-long forum of representatives of more than 200 African social movements, from 45 countries. Held in advance of the late-January World Social Forum in Porto Alegre, Brazil (see box), it was an occasion for farmers' groups, women's associations, non-governmental organizations (NGOs), trade union leaders and intellectuals from across the continent to meet face-to-face, to try to come up with an African perspective on globalization, and reach a consensus on what issues they could raise at the Porto Alegre forum.

Alternatives remain elusive

The African Social Forum, as it was called, did seem to mark a step towards better organization and coordination among Africa's social movements on basic development issues. But it was not clear that the participants were as successful in coming up with alternatives to the existing economic order. They had many slogans against prevailing economic policies and problems, and agreed on a firm rejection of "neo-liberal globalization," but had more difficulty developing a common voice on specific policy alternatives.

The forum's final consensus read more like a dream than a practical working plan. "Our alternative vision is for a human-centred world," it read. "The future of the African people lies in the hands of African peoples." And it expressed "solidarity with all forces in Africa that are committed to the realization of real alternatives."

Still, the participants at Africa's first-ever Social Forum, diverse as they were, did come up with a consensus voice calling for the cancellation of the debt, a rethinking of structural adjustment programmes and the "fight against poverty" as laid out by the international financial institutions, and a denunciation of the inequities of the world's trading system.

On the New Partnership for Africa's Development (NEPAD), the continent-wide development strategy that is being put forth by African leaders, the forum participants were of two minds. One declaration welcomed the initiative, but another was highly critical, charging that its basic character was "neo-liberal" and that it was elaborated without the participation of civil-society groups.

Forging a continental movement

The organizers of the forum, Ms. Aminata Dramané Traoré, Mali's former minister of culture and a renowned sociologist, and Mr. Taoufik Ben Abdallah, of the Senegal-based Environment and Development Action-Third World (ENDA), admitted that Africa's social movements have lagged behind the rest of the world in putting together any kind of consensus perspective on issues of globalization.

Mr. Ben Abdallah denied that this indicates African people are not part of the world social movement, or that they are uninterested in the issues it raises, such as debt and economic liberalization. "We didn't meet until now because Africa is very big and to travel costs a lot of money," he said, adding that political factors also contributed to the problem. "But with this

Porto Alegre forum

For the second year in a row, Porto Alegre, Brazil, hosted a massive World Social Forum, organized by non-governmental and civil society groups to voice the concerns of ordinary people over global economic and social trends. The event, held from 31 January to 5 February to coincide with the World Economic Forum in New York, drew some 50,000 delegates and other participants from around the world. Many of the representatives at the African Social Forum attended, as did numerous other African delegates. Among other proposals, the Porto Alegre forum called for:

- debt forgiveness for poor countries
- an end to tariffs on exports of poor countries
- increased development aid
- enforcement of international labour standards
- access to essential medicines, especially for AIDS and malaria, at affordable prices
- imposition of taxes on global financial transactions.

In a message to the forum, UN Secretary-General Kofi Annan urged the participants to avoid a confrontational stance and instead seek to build partnerships with governments and businesses. He also backed the forum's calls for more development assistance and greater access to Northern markets. "As I will tell the World Economic Forum, these issues can no longer be settled in private conclave among the rich and powerful. The developing countries have as big a stake as anyone in the future of the world economy."

forum, we are now integrated into the world social movement and Africa will now have a voice at Porto Alegre."

Mr. Yash Tandon, director of the Southern and Eastern African Trade Information and Negotiations Institute, which trains Africans how to negotiate at the World Trade Organization and other trade fora, also touched on the political problems that have kept Africans from consolidating a broader movement. African leaders, he argued, have been "compromised, and most of them are interested in serving their own interests by retaining the existing system." As a result, he said, they have sought money externally rather than "developing an economic dynamic within Africa," based on local resources.

Mr. Tandon maintained that at the WTO meeting in Qatar last year, African leaders tried to put forward their own platform, NEPAD, because of popular pressure they felt on the continent. "But those positions don't last very long, because the African leaders then come under pressure from the major financial institutions and the donor community to fall in line for fear of sanctions," he charged. "So the leaders do fall in line. It's a big battle."

Mr. Tandon maintained that the assumptions underlying the policies imposed on Africa by the World Bank and IMF are based on "pure myth, that if countries open up their economies to foreign investment, the capital will flow in and people will feel economic development and growth." He claimed that capital flows only to countries where there are natural resources to exploit. This, he said, explains why investors move into war-torn countries such as oil-rich Angola. Even then, according to Tandon, "the profits are accrued externally and capital flows out under this neo-liberal paradigm."

Like others at the Bamako forum, Mr. Tandon agreed that such debate about globalization has been restricted to academic circles. "The people on the street are the ones who suffer, and they know the effects of neo-liberalism, even if they don't know what it is."

Mr. Nkotto Honoré Ndumbe, who represented a Cameroonian farmers' NGO at the Bamako forum, added that the social movement in Africa is slowly gaining ground. "It has taken time for Africans to understand the plot against us," he said. "But people are suffering and dying, and they now know that the main causes are the World Bank and IMF. So we are now looking for alternative policies and also trying to organize ourselves on the continent." ■

NEPAD an African Union programme

The New Partnership for Africa's Development (NEPAD), a continent-wide economic, social and political strategy, was endorsed by the same OAU summit in Lusaka, Zambia, that initiated the transition to the African Union (see *Africa Recovery*, October 2001). The programme, however, earned some questions during the 3-6 March African Development Forum in Addis Ababa (see pages 1, 20-21). Professor Shadrack Gutto of South Africa's University of the Witwatersrand, believed that NEPAD "offers a promise" to Africa, but asked why it was presented first to the Group of Eight industrialized countries, before African governments had a chance to discuss it with their own people. Mr. Hassan Sunmonu, secretary-general of the Organization of African Trade Union Unity, worried that NEPAD could undercut efforts at regional economic integration in Africa, within the framework of the African Union (AU).

Mr. Wiseman Nkuhlu, the South African president's special adviser on NEPAD, responded that it is in fact "a programme of the OAU." However, since the organization is currently preoccupied with building the AU, much work on NEPAD is currently under the direction of 15 African heads of state, known as the Implementation Committee. He added that both the OAU secretary-general and chairman participate in the committee's deliberations. Mr. Nkuhlu acknowledged that consultation with civil society "is not where we would like it," and that more must be done to explain its goals.

Later that month, at a two-day Implementation Committee meeting in Abuja, Nigeria, Algerian President Abdelaziz Bouteflika similarly emphasized the need to "sensitize" Africans to NEPAD, since the people's active participation will be vital to its success. And although donors have warmly welcomed NEPAD, Nigerian President Olusegun Obasanjo said, it is important to ensure that they do not attach new conditions to their assistance, thereby weakening African ownership of the programme.

A few days earlier, addressing the UN-sponsored International Conference on Financing for Development in Monterrey, Mexico, President Obasanjo sounded the same note. NEPAD can benefit from Northern partnerships, he said, but "we must guard that NEPAD is not being turned against us as a tool for new conditionality."

Global financial clouds on Africa's horizon

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most such proposals have been rejected by the G-7 countries, notes Mr. Aziz Ali Mohammed of the G-24 liaison office in Washington.

Mr. Yilmaz Akyüz, an analyst at UNCTAD, concurs. There have been various proposals by governments, economists, non-governmental organizations and even international financiers for quite major reforms, including a currency transaction tax to curb volatile short-term capital movements and the establishment of a new "global mega-agency" to regulate, supervise and set standards for financial institutions worldwide. So far, however, such "big ideas ... have not found favour among the powerful." Most of the changes now under consideration, he adds, are piecemeal and marginal, and fail to address "systemic instability and its consequences."

While the views of developing countries, as a group, are rarely taken into account at major international meetings (with the exception of UN conferences like the one in Monterrey), African states have a particularly hard time gaining a hearing. When leaders of the industrialized countries gather, they "only talk about themselves when they tackle world economic issues and keep the African continent on the periphery," commented a document on the New Partnership for Africa's Development circulated at the World Economic Forum in New York.

The NEPAD programme, developed last year as a continent-wide strategy, seeks to assert African leadership of the region's development. While focusing overwhelmingly on Africa's domestic efforts, it also ultimately envisages a more active African role in reshaping global economic relations. Africa, it affirms, will strive for "governance reforms of multilateral financial institutions," both to ensure greater African representation and to help them "better cater for the needs and concerns of countries in Africa." ■

African Union: a dream under construction

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It was a good time for taking stock, and asking serious questions. What, participants asked, has the current OAU Secretariat done to prepare for the launch? How will the AU help promote the continent's political and economic integration? Most importantly, will the Union be any better than the old OAU in representing the interests of ordinary Africans, following the repeated failures of African governments and regional organizations to realize the early aspirations for unity, social progress and people's participation?

OAU Secretary-General Amara Essy, along with many of his colleagues, acknowledged that the African Union is still a work-in-progress, and will remain so well beyond its official inauguration. Mr. Essy also affirmed that the AU "cannot be an affair only of governments," and that the involvement of all of Africa's "living forces" will be essential to its success. But many participants, especially from African civil society organizations, were not easily convinced. They cited both the continuing uncertainties about the Union's planned structures and the recurrent failure of several generations of African leaders to live up to their promises. What, they asked, will be different this time around?

ECA / Antonio Pisanello

Current OAU Secretary-General Amara Essy (left) ponders the transition to the African Union with his predecessor, Mr. Salim Ahmed Salim.

From outside the continent, there also are pressures. In an increasingly competitive world economy, Africa's small, poor countries, each on their own, will have a very hard time attracting investment or breaking into new markets. The European Union — an example constantly cited throughout the symposium and the forum — has shown how greater unity at the regional level can enhance leverage on an international scale. Africans too are in a hurry to unite, Mr. Salim Ahmed Salim, former secretary-general of the OAU, stressed. "And frankly, we have to be in a hurry — the world is not waiting for us."

A changed continent

For many, however, such eagerness to push ahead should be tempered by the sobering experience of the past four decades. The enthusiasm of the OAU's first years has long since disappeared. "Africa has seen many false starts in past decades," observed Mr. Abdul Mohammed, special representative of the UN Children's Fund to the OAU, in part because both governments and existing regional organizations "tiptoed around reality." Since African citizens had so little input into national and regional affairs, it often was possible for just a handful of officials to make commitments which bore little relationship to actual priorities and which the governments could easily ignore, added Mr. Agubuzu.

Others had a much harsher judgement of the OAU's conduct. In the eyes of many ordinary Africans, the organization once was little more than a "trade union of dictators," stated Mr. Tajudeen Abdul-Raheem, chairman of the Kampala-based Pan-African Movement, a civil society group. Nigerian playwright and Nobel Prize laureate Wole Soyinka echoed that view, stating that the OAU must cease to be a "collaborative club of perpetual self-preservation."

Some sought to remind the participants of the context in which the OAU tried to function. With parts of the continent still colonized or under apartheid into the early 1990s, much attention had to be devoted to supporting the freedom struggles, and the OAU Liberation Committee deserved credit for helping bring them to fruition. Mr. Sahnoun also recalled that this was the era of the Cold War, when "history was put in an icebox" and the big powers tended to back undemocratic, repressive governments.

Moreover, added Mr. Adebayo Olukoshi, executive director of the Dakar-headquartered Council for the Development of Social Science Research in Africa (CODESRIA), African governments were obliged by external international financial institutions to carry out structural adjustment programmes. These undermined state capacities and cut across previous efforts, such as the 1980 Lagos Plan of Action, to achieve greater economic integration.

Now, with more democratically elected governments throughout the continent and with a greater determination by African leaders to reassert their control over economic policy, the conditions in Africa have become more favourable for building continental unity, participants observed. Ethiopian Prime Minister Meles Zenawi emphasized that by the same token, the agenda of the AU will be different from that of the OAU: it will not be preoccupied with freeing African territories from colonialism or focusing overwhelmingly on protecting national sovereignty, but can set its sights on "creating one political and economic space, on integration."

If that goal is now widely shared among African leaders, they do not all agree on precisely how or how fast to move toward it. According to Mr. Said Djinnit, an OAU assistant secretary-general, the negotiations preceding the decision to establish the African Union were complex. Some African leaders favoured the status quo, while others wanted to move quickly to a "United States of Africa." The 1999 OAU declaration in Sirte, Libya, to form the African Union therefore represented a compromise, with some elements reflecting the desire for a stronger "supra-national entity," but others continuing to uphold key aspects of national sovereignty.

Who lays the foundation?

When the African Union is formally launched at the South Africa summit, it will not actually be a completed structure, simply part of the

foundation and perhaps a support beam or two. The plan for the AU calls for the creation of 17 separate organs, but only a few can be built in time. According to OAU officials, the four priority institutions they are now focusing on are:

- the Assembly of heads of state and government, which will meet at least once a year,
- the Executive Council, composed of foreign ministers, which will meet at least twice a year,
- the Permanent Representatives Committee, comprising the African ambassadors resident in Addis Ababa, and
- the Commission, essentially the secretariat that will see to the Union's day-to-day functioning.

All of these are basically similar to the governing bodies of the OAU, although some of them with altered or expanded authority. Other institutions will come later, including the Pan-African Parliament, the Court of Justice, the Economic, Social and the Cultural Council, and various specialized technical committees and financial institutions.

However, many civil society participants had limited confidence in the willingness of African governments to live up to their commitments. African leaders, argued Mr. Abdul-Raheem, suffer from a "credibility deficit," and therefore the decision to create the AU has generated widespread cynicism. "I don't believe in the African Union," proclaimed Mr. Thomas Tchetmi, president of the Association for Communication Development among Youth in Cameroon.

Most other civil society representatives did in fact believe in the AU, but not necessarily in the way the OAU is directing its creation. The four AU organs now listed as priorities are all government bodies, noted Professor Maria Nzomo of the University of Nairobi. She and other participants urged the rapid establishment of both an elected Pan-African Parliament and the advisory Economic, Social and Cultural Council. The council would be comprised of socio-economic and professional associations and other civil society groups, representing a "radical departure" from the strictly governmental institutions of the OAU, noted Mr. Ben Kioko, an OAU legal counsel.

According to OAU officials, although conditions do not yet exist for Africa-wide elections, a Pan-African Parliament can nevertheless be created on a provisional basis, with each existing African legislature designating five deputies, one of whom should be a woman. This latter requirement stirred a flurry of questions. Since the 1995 World Conference on Women in Beijing recommended that women comprise at least 30 per cent of national parliamentary representatives, asked Ms. Nzomo, why should the Pan-African Parliament do any less? A consensus statement of the 3 March symposium urged that such a parliament meet the Beijing commitment, and also recommended that the African Union establish an advisory commission on gender.

Restrictions on travel within Africa was another civil society concern. Although citizens of some European countries can travel to Africa without visas, Africans often have to wait weeks to obtain visas to visit neighbouring countries, if they can get them at all. "Let our people move freely," demanded Mr. Abdul-Raheem, eliciting widespread applause.

ECA / Antonio Fiorente

Women need to comprise at least 30 per cent of the new Pan-African Parliament, argues Professor Maria Nzomo of Kenya.

Non-interference or 'non-indifference'?

Among the most basic questions asked by many participants was whether the AU can help in holding African leaders accountable to their people. As Justice Amina Augie, a Nigerian judge, insisted during a public interchange with Prime Minister Meles of Ethiopia, Africa needs an AU "that will frighten our heads of state not to overstep their bounds."

Responding to the concerns of Ms. Augie and others, Prime Minister Meles said that the AU can help on two counts. First, by setting standards of economic and political governance by which the performance of African governments can be objectively assessed, and second, by setting up a "peer review" process through which their counterparts elsewhere in Africa can "encourage" them to do better. Such peer review, he said, is still a "work-in-progress," and further discussions are needed to determine how it might operate.

Ms. Nzomo worried about the limitations of any such effort, since the AU's Constitutive Act includes a clause from the old OAU Charter prohibiting any African government from interfering in the "internal affairs" of its neighbours, a stipulation that often stifled criticism of fellow African leaders. Mr. Soyinka challenged Africa's leaders to not remain silent about the political conflict in Zimbabwe or the violations of women's rights by some states in northern Nigeria.

Mr. Djinnit pointed out that while the AU did continue to subscribe to the principle of non-interference, its Constitutive Act also incorporated another "very progressive" provision establishing a "principle of non-indifference." Unconstitutional seizures of power, genocide, war crimes and crimes against humanity can all trigger action by other African leaders. Moreover, if domestic instability leads to refugee flows, rebel incursions and other repercussions for neighbouring countries, then intervention may be warranted to reestablish regional security.

This is one reason why a chief goal of the AU will be to greatly strengthen the conflict prevention and resolution mechanism it is inheriting from the OAU. Africa, asserted Mr. Djinnit, has to develop a "common defence policy" and bolster its ability to mediate and resolve conflicts within and among countries. To symbolize the high political priority of this effort, he suggested that the mechanism be renamed the "Peace and Security Council" under the AU.

Ultimately, Prime Minister Meles pointed out, the AU can at best provide a more "conducive environment" for the advancement of peace, democracy, human rights, and sound economic policies that promote development. "Don't expect the AU to solve all the problems of African states," he told the participants. "Individual states have to address these problems. Each state should be accountable to its own domestic constituency. The basic solution is country-based."

Non-governmental participants accepted this challenge, and vowed to help bring about change in their own countries. "African civil society should help to set standards for institutions and governments to deliver on their commitments, and monitor their performance," declared the symposium's consensus statement. "We emphasize the involvement of the widest range of citizens and civil society in the process of creating the African Union."

"Africa must unite," began the statement, echoing President Kwame Nkrumah's words four decades earlier. "At the dawn of the 21st century, economic and political integration is imperative for Africa's future." ■

To cure poverty, heal the poor

WHO study finds investments in health pay big development dividends

Declaring that "poverty itself" is the principal cause of illness in poor countries, and that "disease in some low-income regions, especially sub-Saharan Africa, stands as a stark barrier to economic growth," an international panel of economists and health experts has called for a massive increase in global spending on health care in developing countries. Research conducted by the Commission on Macroeconomics and Health, established by the World Health Organization (WHO) and headed by Harvard University economist Jeffrey Sachs, found that the economic impact of ill health on individuals and societies is far greater than previous estimates. Providing basic health care to the world's poor, the commission asserted, is both technically feasible and cost effective. The results could be dramatic: saving 8 million lives annually and fuelling development by generating hundreds of billions of dollars in new economic activity every year. "Working together for health is not just a matter of charity," UN Secretary-General Kofi Annan told the World Economic Forum in New York in February. "It also makes economic sense."

Distributing anti-malaria pills in Cameroon: "Malaria impedes foreign direct investment in Africa," says Mr. Jeffrey Sachs.

WHO / P. Rich

But the price tag is high. The commission estimates that annual spending on health care in the least developed countries (LDCs) and other low-income states would have to increase from the current level of $53.5 bn to $93 bn by 2007, and to $119 bn per year by 2015 (see table). These figures do not include an additional $8 - $12 bn needed yearly for Mr. Annan's Global AIDS and Health Fund. The proposed increases are far beyond the means of developing countries and would require a huge — and extremely unlikely — rise in official development assistance (ODA) from donor states. The study, its authors acknowledge, is therefore "a vision of what should be done, rather than a prediction of what will happen."

Yet the cost of inaction, they caution, will be even higher, whether measured in lives lost, development deferred or threats to international peace and security. "Disease breeds instability in poor countries, which rebounds on the rich countries as well," the commission warns. "With globalization on trial as never before, the world must succeed in achieving its solemn commitments to reduce poverty and improve health. The resources — human, scientific and financial — exist to succeed."

Bringing medicine "close-to-client"

As large as these sums are, they are intended only to finance those "essential" services required to meet the minimum health goals adopted by world leaders at the September 2000 UN Millennium Assembly, which set ambitious targets for poverty reduction. Those goals include:

- Reducing under-five mortality rates by 66 per cent by 2015.
- Reducing maternal mortality rates by 75 per cent by 2015.
- Halting the increase of HIV/AIDS, malaria and tuberculosis infections by 2015 and beginning to reduce incidence rates.

These objectives can be reached, the commission argues, by targeting the handful of communicable diseases, including AIDS, tuberculosis, malaria, childhood infectious diseases, and dietary deficiencies responsible for the great majority of deaths and illnesses in developing countries. Many of the necessary treatments and services, Professor Sachs told *Africa Recovery*, "are highly effective and can be applied in low-income settings. But to a quite shocking extent they don't reach the poor because neither the poor themselves nor their governments have the resources to obtain these life-saving interventions.... The problem is not that these interventions fail to work. The problem is that they don't reach enough people."

The solution, the report asserts, is to forge a new global partnership between developed and developing countries for the delivery of health care. Poor countries would increase health spending, but the commission acknowledges that only a fraction of the costs can be met from domestic resources. More important would be governments' agreement to reorder national health priorities away from an excessive emphasis on urban elites and more towards the rural areas and the poor, where the need is greatest. Recipient countries would establish representative national health committees made up of government, civil society and health professionals, and pursue rigorous transparency and accountability in budgeting and delivery programmes. Only those countries which demonstrate the political will and capacity to implement internal reforms would be eligible for increased assistance.

In exchange, the commission argues, "High-income countries would resolve that donor funds should not be the factor that limits the capacity to provide health services to the world's poorest people." To ensure sustainability in Africa and other regions where poverty is greatest, the study notes, aid should come in

grant form instead of loans, and be accompanied by increased funding for related sectors like education, clean water and sanitation, that directly affect health.

Some development "pessimists" argue that mismanagement, corruption and collapsed infrastructure make it impossible to deliver effective health care in the poorest countries. Rejecting that view, the commission argues that a properly funded community based, or "close-to-client" system of rudimentary clinics and health posts, staffed by local residents with minimal training and backed by simple regional hospitals and a few more sophisticated national facilities, would be capable of delivering basic health services in all but the most unstable countries, and could be established relatively quickly. "The irony of the pessimists," Mr. Sachs said, "is that almost everywhere you look at investments in health care you find ... almost miraculous achievements ... such as the campaign against smallpox, the campaign against polio or against African river blindness," which have largely eradicated these debilitating diseases.

The commission also takes issue with those it labels "blithe optimists," who oppose large increases in health spending in the belief that improved health will be a natural outcome of economic growth and development. The study found no direct link between high growth rates and improved health, and noted that, "the disease burden itself will slow the economic growth that is presumed to solve health problems." What is needed instead, the commission insists, is "a concerted global strategy of increasing the access of the world's poor to essential health services."

Funding for basic health care
(per year, $ bn)

	Current 2001	Required 2007	Required 2015
Total (low income countries only)	$53.5	$83	$119
Sources of finance			
Domestic			
by LDCs	$7	$11	$16
by other low-income countries	$43	$62	$74
Donor			
for LDCs	$1.5	$14	$21
for other low-income countries	$2	$6	$8
for middle-income countries	$2	$2	$2
for medical research, development	$0.5	$3	$4
for intl. agencies (WHO, World Bank)	$1	$2	$3
Total donor funding	$7	$27	$38

Source: UN Africa Recovery from WHO Commission on Macroeconomics and Health data.

Big investment, big returns

It is the commission's findings on the link between development and disease, and its rationale for a massive increase in spending, however, which have attracted the most attention. Classical economic analyzes of the impact of disease, Mr. Sachs explained, viewed illness as an unfortunate consequence of poverty that would diminish as economies develop. The commission has stood that view on its head — arguing that in countries afflicted with pandemic illnesses like AIDS and malaria, poverty itself is a consequence of chronic disease. "We found that malaria not only causes repeated episodes of disease and tragic loss of life ... but also that malaria impedes foreign direct investment in Africa. It impedes tourism and trade."

"All the ways that malaria and AIDS and other diseases impact the overall functioning of societies and economies were left out of standard cost-of-illness calculations," he continued. When those effects are factored in, "the cost of disease is much, much greater than previously felt, because disease not only affects the individual, but also impedes economic growth and leaves regions impoverished."

If traditional economists have underestimated the cost of disease, the commission believes, so too have they underestimated the economic benefits of improved health. "We found quite striking evidence that improved health is not only a reward ... in terms of personal income over a lifetime, but also helps to support faster economic growth," Mr. Sachs said. Combining the additional income and higher growth rates produced by improved health, and multiplying that by the 8 million lives the commission estimates their proposal could save each year, would produce $360 bn annually in economic gains, Mr. Sachs asserted. Even that figure, he said, was conservative. "It's arguable that the real economic benefits would be even larger.... The world would be almost reckless not to embark on this kind of scaled-up investment."

But the investment required to reach the millennium health targets are far beyond the means of the 2.5 billion people in African and other low-income countries who are most at risk. According to the report, the governments and citizens of the LDCs generated $7 bn domestically for health care in 2001. Domestic resources for health would have to increase to $11 bn annually by 2007 and to $16 bn by 2015. The donor community, in turn, would have to increase its support of health programmes in LDCs alone from last year's $1.5 bn to $14 bn annually by 2007 and $21 bn by 2015.

To reach the global millennium targets, donor countries and multilateral agencies would have to increase their overall support for health programmes in all developing countries from $7 bn annually in 2001 to $27 bn by 2007 and $38 bn by 2015.

Even at that price, Mr. Sachs insists, it is a bargain. "What we're talking about is one-tenth of 1 per cent of donor GNP — one penny out of every $10 — to meet ... the most central goals that the world has set, to keep people alive." Even when increased donor funding for improved sanitation, water and education services is added, he said, "the rich countries are so rich [that] we think it is utterly affordable.... After all, we're looking at the possibility of saving millions of people who are dying from their poverty right now." Mr. Sachs estimated that if wealthy countries met the international target of providing 0.7 per cent of their gross national product as development assistance, an additional $125 bn in ODA would be available annually — more than enough for increased health funding.

In 2000, however, the percentage of GNP devoted to development aid slipped to an average of just 0.22 per cent — an all-time low — and officials in the US and other wealthy countries have increasingly expressed doubts about the effectiveness of traditional aid programmes. But the HIV/AIDS pandemic, and its spread around the world in less than a generation, Mr. Sachs said, has brought home to Northern policymakers the danger of inaction. "We need a new approach," he concluded. "Once the analysts have looked at the evidence ... we are going to get the United States to come around.... That's my prediction." ■

The full report of the Commission on Macroeconomics and Health is available online from the World Health Organization at: <http://www3.who.int/whosis/cmh/cmh_report/e/report.cfm>.

Investing in clean development

New climate change initiative may benefit Africa

By **Jullyette Ukabiala**

An innovative initiative in the fight against climate change has given African countries an opportunity to attract more international financing for their own sustainable development, while at the same time helping curb global warming. After years of hard bargaining, the guidelines for the "clean development mechanism" (CDM) were approved by the parties* to the 1992 UN climate change agreement, during a November 2001 conference in Marrakech, Morocco. Under this mechanism, Northern industrialized nations can promote investments in cleaner technologies, forest preservation and other projects in the South in a way that enables them to earn credits toward their targets for reducing emissions of "greenhouse gases" that are harmful to the environment.

Jorgen Schytte / Still Pictures

Egyptian cement factory: investing in cleaner technologies in Africa can help curb global greenhouse gas emissions.

The CDM is "a wonderful concept," promising substantial benefits to developing countries, declared Nigerian Presidential Adviser on Petroleum and Energy Rilwanu Lukman. "Africa must use this as a new development opportunity," said Mr. Pedro Sanchez, former director-general of the Kenya-based International Centre for Research in Agroforestry. Projects under the mechanism can help improve rural electrification and other development undertakings, Mr. Ad Dankers, a climate change expert with the UN Development Programme (UNDP), told *Africa Recovery*. New investments can create more jobs and enhance productivity, observed a CDM expert with the UN Industrial Development Organization (UNIDO).

In July 2001, a long stalemate was resolved over the implementation of the clean development mechanism and other provisions of the Kyoto Protocol, a 1997 follow-up agreement to the climate change convention. Without the US, which had withdrawn from the talks that March, other countries agreed on many of the regulations needed to effectively curb global emissions of greenhouse gases. The remaining issues were finalized at Marrakech, clearing the way for the industrialized countries to consider ratifying the protocol.

Greenhouse gases, mostly carbon dioxide, exist naturally in the atmosphere, and help trap the sun's heat to keep the earth comfortably warm. But scientists now believe that the amount of carbon dioxide being released as a result of the human consumption of fossil fuels (oil, petrol, coal, and, to a lesser extent, natural gas) has become excessive and risks heating the earth beyond life-sustaining levels. The phenomenon, known as "global warming," motivated the climate change agreement, officially called the UN Framework Convention on Climate Change, and the Kyoto Protocol. Both aim to curtail world carbon emissions, with more specific commitments under Kyoto.

Northern countries, which are responsible for most such emissions, mainly from their industries and transportation systems, negotiated individual emission reduction targets, with the European Union (EU) agreeing to a slightly bigger reduction than the US would be required to make. Southern countries, with comparatively lower emission levels, were not required to commit to specific targets, but were urged to also curtail the amount of carbon they released into the atmosphere.

Cost concerns

In the negotiations, delegates from both North and South raised concerns about the costs of adjusting their energy consumption, whether through reducing fossil fuel use or developing cleaner alternatives (solar, wind and hydro power). While developing countries feared that the difficulties of industrialization would become more severe, industrial countries were anxious that such efforts could hinder their economic growth. The US had cited cost considerations and what it felt was an unfair emission reduction burden on Northern countries for its decision to pull out of the Kyoto deal.

For the Kyoto Protocol to officially take effect, it must be ratified by 55 parties to the climate change convention, including industrialized countries that together were responsible for at least 55 per cent of world carbon dioxide emissions in 1990. As of 5 April 2002, 53 of the 84 countries that signed the protocol had ratified it. The absence of the US, which accounts for some 25 per cent of global emissions, will make it harder but not impossible to reach the 55 per cent threshold. "If the Protocol does not enter into force," notes Mr. Lukman of Nigeria, "there will not be a CDM."

The CDM was designed to address the concerns of both developing and industrialized countries. By funding clean technology projects in the South, Northern countries will need to spend less toward meeting their individual emission reduction targets. In general, it would require significantly greater investments to further reduce emissions from their own advanced and huge industries than it would take to develop cleaner processes in developing countries. There, even marginal investments can significantly reduce emissions through small-scale and effective technology upgrades. And since the atmosphere has no boundaries, emission reductions anywhere in the world benefit all humanity and advance the goals of the Kyoto Protocol. The South, meanwhile, can benefit from vital foreign

** A "party" is a country which has both signed and ratified an international legal agreement. For more information on the CDM, go to the Website <http://unfccc.int/cdm>.*

investments and the incorporation of cleaner technologies into its economies.

Agreement on the terms of the CDM was not easily reached. Many delegates feared that enabling industrial countries to meet their targets by cutting emissions elsewhere would simply allow them to "buy the right" to continue excessive carbon emissions at home. While the EU proposed that half of all reductions must be made domestically, the Marrakech conference did not set limits on how much countries can use the CDM or other mechanisms. It did insist that they must strive to also cut emissions in their own countries. African and other developing countries raised another concern as well: that CDM investments might be categorized as a form of official development assistance (ODA), thereby further reducing aid flows. They were relieved when Marrakech decided that CDM investments would not count against aid commitments.

How the CDM will work

Participation in the CDM is voluntary and open to public and private agencies in industrialized and developing countries that have signed and indicated their intention to ratify Kyoto. Funding will come mainly from the North, including from private enterprises and multilateral financial institutions, such as the World Bank. Three years ago, the Bank established a facility known as the Prototype Carbon Fund mainly to finance CDM activities.

An executive board comprising ten members drawn from industrialized and developing countries is being created to manage the mechanism. It will publicize project proposals seeking funding and investors interested in such ventures. The deadline for proposals is 31 December 2005, with enterprises set up as of 2000 eligible to apply.

To qualify, evidence is needed that proposed projects would actually reduce carbon emissions, result in the transfer of technology to host countries and meet those countries' own sustainable development needs. Proof of carbon emission reductions can be established, among other ways, by citing the outcomes of comparable projects elsewhere. To make the process workable, Southern countries must define their development objectives precisely, develop credible criteria for measuring a project's potential to help realize them and solicit the views of people likely to be affected by the project. Finally, potential investors must secure statements from their governments that ODA would not be diverted.

Auditors will verify an approved project's carbon emission level over time and compare it with estimated emissions that would have occurred without the project. The difference will then be certified as the project's credits, known officially as "certified emission reductions" (CERs), with one metric tonne of carbon dioxide equivalent to one CER. For example, if a project for cleaner rural electrification emits 1,000 tonnes of carbon dioxide, and it is shown that 1,500 tonnes would have been emitted by fossil fuels serving the same purpose, the difference — 500 metric tons — would earn 500 CERs.

By funding clean technology projects in the South, Northern countries will need to spend less toward meeting their individual emission reduction targets.

Northern investors may count such credits in meeting their emission reduction targets under the Kyoto Protocol. They can also sell any surplus CERs to other countries, much like commodity trading. In 2000, the market value of 1 CER ranged between $13 and $37.

Forests and cleaner energy

Clean development projects can include "afforestation" (growing and nurturing new forests) and "reforestation" (repairing old ones stripped bare of trees and other vegetation). Both activities would involve large-scale tree-planting schemes. More trees would create natural blankets to soak up carbon dioxide from the atmosphere ("carbon sinks"), thereby helping industrial countries achieve part of their individual emission reduction targets. Such schemes would simultaneously enrich soil quality in host countries' farms, enhancing agricultural yields. And more natural parks and wild-life preserves could boost revenue from tourism.

Tree-planting projects would also help many sub-Saharan African countries better tackle the harsh impacts of climate change. They would provide natural defences against the spread of deserts, frequent floods and soil erosion, which cause loss of farmlands and other natural resources and worsen poverty. Similar projects are already under way or being proposed in many countries. One in Mozambique, which the UN Environment Programme expects will qualify as a CDM project, aims to restore the native woodland in a national park and to aid sustainable timber harvesting.

The CDM also specifically recommends investments in energy projects, including small-scale enterprises that can develop renewable and cleaner energy sources such as hydropower, solar energy and natural gas as alternatives to fossil fuels. Other projects can improve the fuel combustion and energy efficiency of existing technologies in the South. Nuclear power projects are excluded from the CDM.

A 1999 UNIDO study of the industrial priorities of six African countries (Ghana, Kenya, Nigeria, Senegal, Zambia and Zimbabwe) shows that all have a common interest in developing cleaner energy sources. Their industries, which are responsible for the bulk of their carbon emissions, are urgently in need of development on a more environmentally sustainable basis. Nigeria, which probably emits more carbon than the others due to the burning off of huge quantities of natural gas released daily in the production of crude oil, intends to better utilize this wasted resource, in part by building a pipeline to carry some of the gas to Benin, Togo and Ghana (which in turn will help promote regional integration).

Will Africa get a fair share?

Some CDM experts argue that up to $10 bn could be invested in clean development projects in the South yearly. "This is a significant figure for developing countries," says Mr. Richard Sandor, chairman of Environmental Financial Products, a US-based company dealing with commodity markets.

The CDM executive board has been mandated to ensure an equitable geographical distribution of projects, so that all developing regions benefit. Some fear, however, that sub-Saharan Africa is not yet equipped adequately to attract its fair share. A big problem is that the private sector "is barely aware of the CDM," according to Youba Sokona and Djimingue Nanasta, climate change researchers at Environment and Development Action-Third World (ENDA), a continent-wide non-governmental organization headquartered in Senegal. The ability to recognize, package and promote potential opportunities for funding is lacking, they say. Mr. Dankers of UNDP agrees. Another major obstacle, he told *Africa Recovery*, is inadequate human and institutional capacity to pursue the CDM process, although UNDP and other donors are providing some assistance to address the problem.

Africa's tiny share of man-made greenhouse

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Trading services: an opening or a noose?

Africa puzzles over implications of trade talks in Geneva

By **Gumisai Mutume**

Behind the scenes, with little public attention or participation, an important round of trade negotiations that may profoundly alter the way governments deliver basic social services has been going on at the World Trade Organization in Geneva since 2000. The talks are aimed at reducing barriers to international trade in services. Mr David Hartridge, a former WTO director, describes the talks as "less difficult and less visible politically than agriculture," another contentious trade issue under consideration in the Swiss city. But, he added, they are "very much larger in economic importance and potential."

For the last few years, international public attention has been dominated by opposition to a broad new round of negotiations at the WTO aimed at liberalizing new sectors of the global economy. That opposition climaxed in December 1999, in the US city of Seattle, when violent protests and bitter divisions among negotiators led to the failure to launch the round. Part of the Seattle agenda was to extend the reach of global trade rules into areas never before covered by the WTO, such as investment and labour.

Even though Mr. Hartridge described proposals for liberalizing services as "the least controversial element of the Seattle agenda," questions are increasingly being raised about the possible impact of the General Agreement on Trade in Services (GATS), the accord under negotiation in Geneva. Concerns include the possible — and virtually irreversible — effects of GATS on how governments provide or control services in areas such as water, education and health.

Adam Hall

A tourist park near Harare, Zimbabwe: for some African countries, tourism is a key sector of their international trade in services.

What is GATS?

GATS is one of about 60 agreements and decisions signed in 1994 at the conclusion of the 8-year-long "Uruguay Round" of negotiations that led to the formation of the WTO. When countries signed GATS, they committed themselves to periodic negotiations to progressively eliminate barriers to international trade in services without requiring further approval from all 144 WTO members. This "self-triggering" mechanism led to the current round of services negotiations in Geneva.

Even though negotiations started immediately after the "battle of Seattle," they went largely unnoticed. But, "this absence of public controversy is about to change," warned Mr. Hartridge, given greater attention from the press and non-governmental organizations. "Most of this is designed to promote controversy, and it is succeeding."

Trade in services is the fastest growing area in international trade, amounting to $1,350 bn in 1999, about a quarter of the figure for trade in goods. But Africa's share of this is small — about 2 per cent annually. Many African countries were expecting to raise their share of international trade in services after signing GATS, but this has yet to happen. In Kenya, South Africa and Zimbabwe, tourism is an important foreign exchange earner. Benin, Côte d'Ivoire and Tanzania get revenue from shipments from neighbouring landlocked countries transiting through their ports, while Ghana and Mali receive remittances from their citizens working in service sectors abroad.

While Africa's participation in international trade in services is low, the domestic service sector is relatively large — contributing about 40 per cent to the gross domestic product (GDP) of Uganda and 50 per cent in Zambia. In wealthy countries such as the US, the service sector accounts for as much as 80 per cent of GDP. It is this huge, untapped domestic service market that GATS seeks to open up to foreign competition and participation.

Corporate impetus

Since the General Agreement on Tariffs and Trade (GATT) came into effect in 1948, international trade rules have governed cross-border trade in goods, not services. This changed when GATS came into force in 1995. For the first time, legally binding rules were set for trade in all "commercial services" — such as engineering, communications, entertainment, construction, finance, retail trade, tourism and transport. Only two areas are not covered by GATS — air transport and "services supplied in the exercise of governmental authority," defined as those not provided in competition with other suppliers, nor on a "commercial" basis. Government social welfare and support programmes are examples.

According to the WTO, the intention of GATS is to spur economic growth by removing barriers limiting trade in services and enabling countries to attract foreign investment by opening "highly regulated" services to international competition.

The drive to liberalize the service sector is strongly supported by global corporations. In a 1999 address in Tokyo, Japan, Mr. J. Robert Vastine, president of the US Coalition of Service Industries declared that "the overarching objective of the global business community" through GATS should be a "contestable, competitive market in every sector and in every WTO member country."

Like other WTO agreements, GATS is backed by the coercive powers of the organization — the first worldwide economic institution with the capacity to legally enforce its agreements. GATS violations are adjudicated through the organization's Dispute Settlement Body, which can authorize trade sanctions against violators.

Complex rules

GATS is a complex and often confusing agreement. In some instances it does not fully define terms or spell out the extent of the limitations of its provisions, resulting in differing interpretations. For instance, no clear meaning for "commercial service" is provided. Also, because it is still a new agreement, its rules are still being developed.

These rules apply to four different modes of supplying a service:

- Cross border: services that flow from one country to another, such as banking.
- Consumption abroad: a consumer, such as a tourist, travels into another country to obtain the service.
- Commercial presence: a company enters the local market of another to provide domestic services such as hotels or insurance.
- Movement of people: workers move to another country to supply a service.

While some rules governing these areas were laid out during the Uruguay Round, more are being established at the current negotiations. The last round managed only to open a few sectors, such as telecommunications and financial services, to international competition. In Geneva, WTO members are taking the process a step further, broadening the rules to open up other areas such as education and health, with major emphasis on allowing foreign providers into local markets.

An independent researcher, Ms. Ellen Gould, studying the implications of GATS on public services in Canada, says the accord has so far not gained "the same regulation-destroying notoriety of other WTO agreements" because members did not complete negotiations on domestic regulation during the last round. "That is what negotiators are working on now."

A final agreement on the current talks in Geneva is due for signing in 2005, together with other issues that are part of a broad new WTO round finally launched in Doha, Qatar, last November (see *Africa Recovery*, December 2001).

Some of the rules of the 1994 agreement bar governments from subsidizing domestic service suppliers at the expense of foreign ones and restrict them from giving preference to domestic suppliers over companies from other WTO member countries. Such regulations may be deemed "trade restrictive" and can be challenged before the Dispute Settlement Body. Non-governmental critics charge that this transfers decision-making powers from elected governments to a panel of WTO experts who may not necessarily act in the interests of the development goals of poor countries.

"What we see now is an attempt to fast-track liberalization of services, without the same willingness to remove trade barriers in agriculture, an important area for developing countries."

— Mr. Tadeous Chifamba, Africa Group negotiator at WTO

Broadening the scope

In the Geneva talks, countries are expected to submit what are known as "commitments" that specifically bind sections of their service areas to GATS. During the Uruguay Round, a few areas, such as telecommunications, went through this process. In Geneva this is being broadened, and could include areas that have traditionally been controlled or provided by governments.

GATS requires a member to lower barriers against foreign providers, in much the same way that GATT sought to lower tariffs on trade in goods. A country must also commit itself to never raise them again, under penalty of having to pay compensation to injured parties if it does. Such barriers may include a government's requirement that a foreign service-provider form partnerships with local companies before entering the domestic market. Developing countries often apply such conditions to nurture infant industries and train local staff.

Another provision of the agreement, "national treatment," obliges a country to treat companies from other WTO members as it does its own. This would prohibit a country from subsidizing local businesses in a committed sector, or force it to pay similar supports to foreign companies.

Although little information exists on the impact of liberalizing major service sectors, pressure is mounting on countries to open up even more areas.

"What we see now is an attempt to fast-track liberalization of services, without the same willingness to remove trade barriers in agriculture, an important area for developing countries," Mr. Tadeous Chifamba, a negotiator for the Africa Group at the WTO told *Africa Recovery*. He says developing countries agreed to parallel negotiations of the two sectors hoping to gain trade-offs in agriculture in exchange for concessions on services. African countries are heavily dependent on agriculture, with 47 out of 53 relying on three or fewer commodities for more than 50 per cent of foreign exchange earnings, notes the UN Conference on Trade and Development (UNCTAD).

It is unlikely that African countries will meet the commitments schedule, since many have not even tabled proposals for negotiation under the present round nor carried out national assessments of their own service sectors. Many developing countries are wary of repeating mistakes of the last round when, reports UNCTAD, they made binding commitments to liberalize some sectors, especially in finance, tourism and insurance, without fully analyzing the impact.

The WTO, however, argues that developing countries may limit the scope and pace of liberalization to enable them to pursue their development strategies. For example, a country could stipulate that it will only open up an area to private companies on condition that they extend coverage of services into neglected areas at affordable prices.

Although countries are not compelled to make commitments, a meeting of African trade negotiators at the UN Economic Commission for Africa in Ethiopia last year noted that failure to do so or placing limitations may harm the already poor flow of foreign direct investment into the continent. Often companies prefer to go where there are fewer restrictions on how they operate. Africa attracts about 3 per cent of annual FDI to developing countries, and some countries are hoping to attract additional investment through the service sector.

In 1994, one third of WTO members — all developing or least developed countries — limited their commitments to 20 or less of the approximately 160 service sectors defined

during the Uruguay Round. The fewest were in education and health — areas that have traditionally had strong government involvement in many countries. More than 90 per cent of members undertook some sort of commitment in tourism, while less than 40 per cent made commitments in education and health.

Opening public services

In Geneva, a number of industrialized nations will seek commitments to open up areas such as public utilities, health and education to foreign competition. For instance, Australia is calling for liberalization of education — a sector it describes as "of international significance," yet with the fewest commitments under GATS. Australia itself has opened up secondary and higher education to other WTO members and seeks policies that will facilitate greater cross-border flow of students and educational services.

UNICEF / Maggie Murray-Lee

Some industrialized nations are pressing for liberalization of water and other domestic public services in the South.

Others are pressing for liberalization of environmental services, such as water for human consumption and waste management. The area represents $280 bn in global trade annually, notes the European Union (EU), and international demand is expected to grow to $640 bn by 2010, placing it at roughly the same size as the pharmaceuticals or information technology industries. The EU is proposing that WTO members minimize trade barriers in such services by eliminating monopolies and removing restrictions in some countries that permit only nationals to operate in those sectors.

However, allowing market forces to prevail "could be fundamentally incompatible with the requirements or the desire of many governments to provide basic public services for their people," warns a proposal to the Geneva talks by a group of developing countries that includes Kenya, Uganda and Zimbabwe. They caution that "certain sectors of their populations may not be able to afford to pay market prices for these services." In Africa, governments frequently rely on public entities to provide services such as energy, sewers, waste removal and post and telecommunications. Using subsidies, they are often able to keep basic services affordable for poor communities.

The WTO claims such fears are unfounded since GATS excludes services as long as they are "provided in the exercise of governmental authority." But to qualify, a public service should not be provided on a commercial basis or in competition with other suppliers.

Many public services do not meet such criteria, notes a GATS study conducted for the provincial government of British Columbia, Canada. "Despite the significance of GATS coverage, there are indications that some member governments may not fully appreciate the limited scope of the governmental authority exclusion," notes the study. "Many governments may not recognize that certain aspects of public services and their regulation are already subject to those GATS obligations that apply across-the-board."

Hard to compete

African governments are increasingly embracing policies promoting private ownership, with strong encouragement from the World Bank and International Monetary Fund (IMF). But their industries are often too weak to compete with the large firms from industrial countries that dominate the services market. Developed countries account for 80 per cent of world exports of services, even though they constitute only 10 per cent of WTO members, says the submission by the developing countries. Their multinationals have massive financial strength, access to the latest technology and global infrastructure.

"It is difficult, if not impossible, for developing countries, without the advantage of an early start, to catch up with these large firms," notes the submission. African service providers are simply too weak to set up branches in the lucrative markets of the EU, US or Japan.

According to UNCTAD, multinationals even dominate sectors where African countries have a potential advantage, such as tourism. The four largest tour operators — Thompson, Airtours, First Choice and Thomas Cook — control 80 per cent of the world tourism market. In addition, studies by the UN body show that many countries in Africa do not possess the necessary conditions to build competitive service sectors. These include human resources, technology, telecommunications infrastructure, regulations that enhance competition, government support for service firms and national strategies to export services.

Still, it is imperative for these countries to develop their service sectors if they are to benefit from GATS, says Ms. Mina Mashayekhi of UNCTAD's Division of International Trade. She argues that "the telecommunications and information technologies sectors should be allocated the highest profile."

Egypt and South Africa, with more advanced infrastructure, could also develop their potential to export health services.

Movement of labour

At the GATS negotiations, there is growing contention over demands by developing countries that liberalization include the free movement of labour. During the Uruguay Round, industrial countries obtained commitments on "important service sectors of interest to them" such as financial services and telecommunications, says Mr. Bhagirath Lal Das, former Indian ambassador to GATT. In the interests of balance, he says, Geneva must emphasize sectors of interest to developing countries, such as allowing free movement of workers to areas with employment opportunities. "This is a sector in which developing

countries have clearly an advantage," says Lal Das. "But there is spontaneous resistance to it in developed countries."

In 1994, countries agreed to liberalize capital markets under GATS, but industrial countries rejected proposals from developing countries to open up their markets to significantly more labour from the South. They continue to use strict visa requirements or refuse to recognize educational qualifications from poorer countries.

Negotiating the unknown

Many developing countries were reluctant to participate in GATS during the last round given the lack of studies on the impact of liberalizing services. "We made a compromise when we signed the agreement that assessments should precede future negotiations," says Mr. Chifamba. "But there is no willingness to finance such assessments."

Kenya, Uganda and Zimbabwe are among countries calling for further study on the impact so that the negotiations in Geneva are informed by the findings. They want to know if more jobs have been created and if poor countries have secured any significant share in the international services trade, as promised through the signing of the agreement. They also want to know if liberalization of telecommunications has improved access to telephones in developing countries. To make informed decisions in Geneva, many developing countries would also need to know if GATS has contributed to economic growth since 1995, and how it has influenced trade in agricultural and industrial goods.

Mr. Chifamba says that without such knowledge, developing countries are heading blindly into the same trap they fell into in 1994 when they signed the Uruguay Round agreement. Upon implementation, some of those accords are proving incompatible with the needs of developing countries. One, the Trade Related Aspects of Intellectual Property Rights agreement, has gained international public attention for curbing access to cheap medicines in poor countries.

"What we will end up with is another monster that will constrain the ability of governments to act in the best interests of their people," says Mr. Chifamba. "What they are doing in Geneva is to determine the size of the rope, but if you are going to hang yourself in the end, it does not matter what the size of the rope is." ■

Is African aid set to rise?

from page 3

in which developing countries agree to promote sound national policies and developed countries agree to support them with the necessary resources, including aid.

Part of that consensus, he added, implies a bigger voice for developing countries in international economic decision-making. "Reform of international financial governance is critical to ensuring that developing countries benefit from globalization through participation."

While congratulating donors on their pledges of more aid, the UN Secretary-General also called for improving developing countries' trade prospects. "We can no longer continue to give with one hand," he said, "and take away with the other," specifically by setting unfair trade barriers to developing countries' exports to Northern markets.

Mr. Annan's remarks dovetailed with those of African leaders, who stressed the importance of reducing agricultural subsidies in the North, as well as high tariffs on potentially crucial African exports, such as textiles. ■

Africa seeks to safeguard its fisheries

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Organization (FAO). At times they are used to expand fishing capacity — construction of new vessels and modernization of fleets — identified by fisheries specialists as a major cause of unsustainable fishing. In a 2000 report, the FAO noted that 75 per cent of the world's major fish stocks were either fully exploited, over-fished, depleted or recovering slowly from depletion. This means that fleets fishing for the majority of the world's fish stocks either "already have too much catching power or cannot add any further catching power without threatening the sustainability of those stocks."

After years of resistance from industrial countries, the World Trade Organization finally agreed to place fishing subsidies on the agenda of the new round of trade negotiations that commenced this year. This may put caps on global fishing subsidies, estimated to be as high as $14 bn annually.

"For as long as it has been profitable to overexploit, there have been no incentives to fish in a way which allows the environment, and therefore the fishing industry to prosper," notes Mr. Brendan May, chief executive of the Marine Stewardship Council, a London-based nonprofit group lobbying for sustainable global fishing. "Fishermen are not anti-conservation. But they often fear that what they conserve, someone else will take." ■

Investing in clean development

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gases, put at just 2-3 per cent of the estimated 6 mn metric tonnes emitted globally as of 1990, makes the continent one of the "cleanest" parts of the world. And while African leaders take pride in that, Sokona and Nanasta doubt it will be an incentive for potential CDM investors. Industrialized nations can earn more credits from projects in countries with much higher emissions, such as India or China.

Moreover, the same factors that contribute to low flows of foreign direct investment to Africa — weak transportation, communication and energy infrastructure, as well as political instability — may make private companies reluctant to invest in CDM projects. As South African Chamber of Commerce Chief Executive Zoli Diliza has pointed out, "while the business opportunities are certainly there, they will not be simply handed out as freebies on a silver platter."

However, the CDM's provision for equitable geographical distribution may help counteract such obstacles. So far, African proposals under the CDM are getting some initially encouraging responses. Environment Minister Modou Diagne Fada of Senegal has reported that proposals by his government for chemical production and electric power generation projects have been received "favourably" for possible funding. Mozambique, Zimbabwe, Uganda and Nigeria, among other African countries, are actively designing proposals of their own. ■

'Gender budgets' seek more equity

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the World Bank is very constraining.... A lot of instructions come from them ... which are kind of anti-progressive towards women and men." One such programme, she asserted, forced the government to withdraw subsidies for small farmers, the great majority of whom are poor women. "Women, children and even poor men are suffering.... These policies are not analyzed with a gender perspective."

Ugandans focus on local government

Uganda's experience with gender budgeting began in 1999 with assistance and support from UNIFEM. Like its South African and Tanzanian counterparts, the Ugandan gender budget initiative is driven by a coalition of women's rights and advocacy groups, parliamentarians and government finance and development ministry officials.

An early target of the initiative, explained Ugandan MP and gender budget advocate Ms. Winnie Byanyima, was the budget process itself. "It was very exclusive. Even parliament was only coming in at the tail end. It was an unimportant player in the budget. We got parliament to pass an act giving itself a role in the earliest stages of budget formation." In that sense, she noted, "we've been part of the advocacy towards democratizing the budget process."

Unlike other gender budget exercises, however, local government budgets were an early focus for the coalition, since many government services are delivered locally. In the health sector, Ms. Byanyima noted, "We brought out the fact that 60 per cent of all government health resources were going to the national teaching hospital. Now we see a better division of those resources."

Spending on agriculture, she continued, was little better. "Mostly it was being spent on the male bureaucrats in the capital. It was not being spent to give women the tools and the knowledge to improve production or reduce the drudgery. Almost no resources at all were reaching poor women and poor men in the rural areas."

The government's strong commitment to primary education has seen a significant increase in school spending (see *Africa Recovery*, July 2000). But the special problems that force girls out of school, she said, are not being addressed locally "because there is no budget. So we've been advocating for these issues at community level." Part of the advantage of focusing on local government, Ms. Byanyima said, is that "we have been able to look and compare how much money is spent on the bureaucracy, as opposed to how much is actually spent on programmes for rural people. This usually comes as a shock."

Such criticisms initially got a hostile reception from parliamentary and government officials, she observed, but attitudes have slowly changed. This is partly due to what she termed "a cautious, deliberate policy by government" to promote greater gender equity, but also because nearly one in four MPs are women. That, Ms. Byanyima said, has helped keep gender budgeting on the national agenda.

Women must be more involved in analyzing budgets, says Ugandan MP Winnie Byanyima (above).

UNIFEM Executive Director Noeleen Heyzer agrees. Addressing the Financing for Development conference in Monterrey, Mexico, earlier this year, she praised gender budgeting as an effective policy tool. "I would like to call for gender budget analysis to be applied to official development assistance within the international financial institutions as well as among donor countries."

Educating the public

Despite these difficulties, Ms. Rusimbi said, Tanzania's gender budget initiative has already succeeded in changing the way budgets are made and in educating the public about their right to participate. "This is the right of the different stakeholders ... to have at least economic literacy [so that] women as much as men are going to benefit and to contribute. It is a development issue."

Political mobilization needed

But with Uganda's gender budget exercise only entering its third year, Ms. Byanyima said, there is still a lot of political mobilization to do. "What we've managed to do so far is make this small group [of activists] a bit more expert in understanding the budget, but I don't think we've been successful in agitating the public about budget issues. That's a big job that more people have to get involved in."

Ultimately, she concluded, both government and parliament need to develop the institutional capacity to do effective planning for men's and women's different roles in society and direct public spending towards greater equity. "Once we start building those capacities, then we are on the road to achieving." ■

AFRICA AGENDA

FUTURE EVENTS

8-10 May 2002, Ottawa (Canada) — The First Global Conference for Women and the Digital Divide. Contact Grant Thomas, tel (613) 688-0177, e-mail <gthomas@istar.ca>, or website <www.col.org>.

10-11 May 2002, Helsinki (Finland) — WIDER conference on the New Economy in Development. E-mail <ned@wider.unu.edu>.

19-22 May 2002, Quebec (Canada) — World Ecotourism Congress. Contact World Tourism Organization, Barcelona, tel (34-91) 567-8100, fax (34-91) 567-8218, e-mail <omtweb@world-tourism.org>.

28 May - 1 June 2002, Mombasa (Kenya) — The first International Young Peoples Conference on AIDS in Africa, bringing together young researchers, educators, advocates, counsellors and policymakers. Contact the conference secretariat, e-mail <afyoac@hotmail.com>.

10-13 June 2002, Rome (Italy) — World Food Summit – Five Years Later. Contact Barbara Huddleston, FAO, e-mail <Barbara.huddleston@fao.org>, website <www/fao.org/worldfoodsummit>.

3-5 July 2002, Pretoria (South Africa) — 7th Annual Conference on Econometric Modelling for Africa. Contact University of Pretoria, tel (27-12) 402-2413, e-mail <africon@hakuna.up.ac.za>.

7-12 July 2002, Barcelona (Spain) — XIV International AIDS Conference. Tel (46-8) 459-6600, e-mail <aids2002.registration@confrex.se>, website <www.aids2002.com>.

14-19 July 2002, Geneva (Switzerland) — World Civil Society Forum, initially conceived during the Millennium Forum on UN reforms, will take place at the International Center, Geneva. E-mail <forum@mandint.org>.

20-24 July 2002, Lusaka (Zambia) — Pan African Youth Conference on HIV/AIDS in Africa. Contact Young Africans Welfare Association, tel (260-1) 282 601, e-mail <pizoyabuatu@yahoo.com>.

21-26 July 2002, Kampala (Uganda) — International Congress on Women on the theme "Gendered Worlds: Gains and Challenges," organized by the Department of Women and Gender Studies at Makerere University in Uganda. Website <www.makerere.ac.ug/womenstudies/congress2/details.htm>.

22-25 July 2002, Dresden (Germany) — Third International Conference on Water Resources and Environment Research. Contact Cathleen Schimmek, tel (49-351) 463-3931, fax (49-351) 463-7162, e-mail <icwrer2002@mailbox.tu-dresden.de>.

12-15 August 2002, Stockholm (Sweden) — The Stockholm Water Symposium, highlights the situation around the world. Contact Stephanie Blenckner at SIWI, e-mail <Stephanie.blenckner@siwi.org> or website <www.siwi.org/sws2002.html>.

12-16 August 2002, Toronto (Canada) — 9th International Women and Health Meeting. Focusing on sexual and reproductive rights, violence against women, and environmental health. Contact Nuzhath Leedham, e-mail <iwhm@iefca.com>.

19-22 August 2002, Wellington (New Zealand) — Conference on Fisheries in the Global Economy. Organized by the International Institute of Fisheries Economics and Trade. Contact IIFET Secretariat, in Oregon, tel (541) 737-1414, fax (541) 737-2563, e-mail <Ann.L.Shriver@oregonstate.edu>.

15-19 September 2002, Shijiazhuang (China) — International Conference on Internationally Sustainable Agriculture for Dry Areas. Contact Catherine Vachon, tel (403) 317-2257, e-mail <vachon@em.agr.ca>

WHAT HAS TAKEN PLACE

5-7 April 2002, Washington, D.C. (US) — "Working for Global Justice Conference: Careers, Issues, and Activism in International Development," hosted by Georgetown University. Contact Visions in Action, tel (202) 625-7402, e-mail <visions@igc.org>.

26-29 April 2002, Nairobi (Kenya) — African Scholars' Forum on Emerging Initiatives towards a New Vision for Africa. Contact Heinrich Boll Foundation, tel (245-2) 744-227 or 750-329, fax (254-2) 749-132, e-mail <Nairobi@hbfha.com>.

29-30 April 2002, Washington D.C. (US) — The 14th Annual Bank Conference on Development Economics. Contact Boris Pleskovic, World Bank, tel (202) 522-0304, e-mail <abcde@worldbank.org>.

AFRICA BOOKS

The Prevention of Humanitarian Emergencies, ed. E. Wayne Nafziger and Raimo Väyrynen (United Nations University, World Institute for Development Economic Research, 2002; 304 pp; $75; £50)

Sudan, Civil War and Terrorism, 1976-1999 by Edgar O'Balance (Palgrave Macmillan Ltd, New York, NY; 2000; 240 pp; hb $59.95; £42.50)

African Military History and Politics: Coups and Ideological Incursions, 1900-Present by A.B. Assensoh and Yvette Alex-Assensoh (Palgrave Macmillan Ltd, New York, NY; 2002; 256 pp; hb $65.00; pb $24.95)

Perspectives on Pastoral Development: A Casebook from Kenya by Isobel Birch and Halima A.O. Shura (Oxfam, UK, 2001; 146 pp; £7.95; $12.95)

L'Afrique politique 2001 (Karthala, Paris, France; 2001; 285 pp)

Swaziland, un royaume en Afrique australe by Jerome Vialatte (Centre d'Etude d'Afrique Noire, Cedex, Bordeaux, France; 2001; 211 pp; 55 FF)

Interpretations d'un conflict, le cas de la Somalie by Marc-Antoine Perouse de Monclos (Centre d'Etude d'Afrique Noire, Cedex, France; 2001; 41 pp; 55 FF)

Population and Health in Developing Countries (International Development Research Center, Ottawa, Canada; 2002; 339 pp; $40)

IMF-World Bank and Labor's Burdens in Africa, Ghana's Experience by Kwamina Panford (Praeger Publishers, Westport, CT, US; 2001; 200 pp, $62.50)

A New Democracy, Alternatives to a Bankrupt World Order by Harry Shutt (Zed Books, London, UK, 2001; 192 pp; hb $17.50)

Hungry for Trade? How the Poor Pay for Free Trade by John Madeley (Zed Books, London, UK, 2000; 192 pp; hb $55; pb $17.50)

Rethinking Globalization, Critical Issues and Policy Choices by Martin Khor (Zed Books, London, UK, 2001; 160 pp; hb $55; pb $17.50)

The Myth of Development, The Non-Viable Economies of the 21st Century by Oswaldo dé Rivero (Zed Books, London, UK, 2001; 224 pp; hb $55, pb $17.50)

The Water Manifesto, Arguments for a World Water Contract by Riccardo Petrella (Zed Books, London, UK, 2001; 160 pp; hb $55, pb $17.50)

Frontiers of Development Economics: The Future in Perspective, ed. Gerald Meier and Joseph Stiglitz (World Bank and Oxford University Press, 2001; 586 pp; $35)

Faith in Development: Partnership Between the World Bank and the Churches of Africa, ed. Deryke Belshaw, Robert Calderisi and Chris Sugden (World Bank and Regnum Press, Oxford, UK; 2001; 300 pp; $25)

Aid and Reform in Africa, ed. Shanta Devarajan, David Dollar, and Torgny Holmgren (World Bank, Washington, DC, US; 2001; 712 pp; $35)

Engendering Development through Gender Equality in Rights, Resources, and Voice (World Bank and Oxford University Press, 2001; 288 pp; $35)

Africa's Reintegration into the World Economy, ed. Karl Wohlmuth, Hans-Heinrich Bass, Elke Grawert, Achim Gutowsky, Robert Kappel, Angela Konig and Markus Wauschkuhn, two volumes (Lit Verlag Munster, Hamburg, 2001; 916 pp)

The Economic Decline of Zimbabwe: Neither Growth Nor Equity by Carolyn Jenkins and John Knight (Palgrave Macmillan Publishers, Houndmills, UK; 2001; 344 pp; hb. £60.00)

"Here in the City There Is Nothing Left Over for Lending a Hand": In Search of Solidarity and Collective Action in Peri-urban Areas in Angola by Paul Robson and Sandra Roque (Action for Rural Development and the Environment, Development Workshop, Occasional Paper No 2; Canada; 2001; 182 pp; £12)

Eyes of the Heart, Seeking a Path for the Poor in the Age of Globalization by Jean-Bertrand Aristide [President of Haiti] (Common Courage Press, Monroe, ME, US; 2000; 88 pp; hb $12)

Dying for Growth: Global Inequality and the Health of the Poor, ed. Jim Yong Kim, Joyce Millen, John Gershman and Alec Irwin (Common Courage Press, Monroe, ME, US; 2000; 400 pp; pb $22.46)

Economic Recovery in Africa, The Paradox of Financial Flows by Vijay S. Makhan (Open Communications, Inc., International Political Economy Series; 2001; 240 pp; hb £50)

AFRICA WATCH

CONFLICT DIAMONDS

'Breakthrough' in global regulation

At an 18-20 March meeting in Canada, representatives of the world's leading diamond exporting and importing states took a major step toward regulating the international trade in diamonds, specifically to stem the flow of gems from war zones in Africa. The Ottawa meeting — involving governments, businesses and non-governmental organizations (NGOs) from more than 37 countries — is the latest in a series of negotiations begun in Kimberley, South Africa, in 2000. The "Kimberley process," as it is known, aims to set minimum standards for trade in uncut diamonds, some of which finance conflicts.

The Ottawa meeting was described as a "breakthrough" by the chair of the Kimberley process, Mr. Abbey Chikane. It requires countries to establish "effective national controls" to prevent the shipment of "conflict diamonds" by the end of 2002. These include use of certificates of origin and tamper-proof containers for shipment, exchange of information on trade in uncut diamonds and legislation to enforce the agreement. The scheme will support existing UN sanctions on conflict diamonds and seek to protect the legitimate diamond producers from consumer boycotts.

Although NGOs broadly endorsed the Ottawa agreement, Ms. Susan Isaac of Partnership Africa Canada, an NGO umbrella group, noted that "civil society groups are not satisfied with provisions for monitoring and enforcement." For instance, she said, a monitoring team can only be sent to a country if significant evidence of non-compliance is provided. Also, all member countries, including those being monitored, must consent to the mission. Critics of the Kimberley process say it subjects many activities to recommendations rather than mandatory controls.

"Stepping back from the tension and debates, NGOs can be very proud of what has been accomplished — with obvious caveats," noted a joint statement by NGOs. "Two years ago, the kind of agreement that now exists would have seemed inconceivable." ■

ECONOMIC GROWTH

African economies hold steady

Despite the delayed recovery in industrial economies following last year's global economic slowdown, sub-Saharan Africa's economic performance in 2002 is expected to hold steady at 2.6 per cent, the World Bank reports. This is significantly above the industrialized world's meagre 0.8 per cent growth rate, but below the 3.2 per cent average for all developing countries. It is also down from the 3.1 per cent recorded for sub-Saharan Africa in 2000, reports the Bank's annual *Global Development Finance 2002*, released on 13 March.

Merchandise exports are expected to grow by only 2 per cent this year, compared with 7.5 per cent in 2000. In part, this is because world commodity prices declined during 2001, falling especially sharply after the September 11 terrorist attacks on the US. While slow growth was widespread, nearly a third of sub-Saharan African countries achieved somewhat faster growth last year, including Angola, Chad, Ethiopia, Madagascar, Mozambique and Uganda.

Demand for tourism and other service exports is expected to remain depressed due to heightened security concerns and the weak outlook for the European economy. Civil strife and poor governance also contribute to weak economic performance, the report says. "Near-term prospects are especially bleak in Southern Africa because of political uncertainty in Zimbabwe," the report notes.

The report, which tracks financial flows in and out of developing countries, notes that total official development assistance worldwide declined from $39.5 bn to $37.5 bn last year, with provisional estimates showing a proportional decline in flows to sub-Saharan Africa. ■

SOUTHERN AFRICA

Food shortages loom

The UN World Food Programme (WFP) warns that millions of people in Southern Africa may face famine conditions in the months ahead, unless considerably more food aid arrives in the region. "Donor response to repeated WFP appeals has been sluggish," the agency noted at the end of March. "If we do not get enough food to feed 2.6 million people right now, what will happen when potentially millions more need our help in the months ahead?" asked Ms. Judith Lewis, WFP regional director for East and Southern Africa.

The WFP says $70 mn is required to buy 146,000 metric tonnes of food to ward off severe hunger in Lesotho, Malawi, Mozambique, Zambia and Zimbabwe. Preliminary forecasts for the April/May harvests indicate another year of low maize production, following last year's poor harvest. In Zimbabwe, normally a food surplus country, erratic rains, an economic downturn and disruption of the farming sector due to land conflicts mean the country has to import more than 1 million tonnes of maize. The expected surpluses in neighbouring South Africa will be insufficient to meet that need. Only 30 per cent of the $60 mn WFP has requested for Zimbabwe has so far been contributed. ■